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FBIS-LAT-94-125 *29 June 1994*

CONTENTS

NOTICE TO READERS: An Ω indicates a Foreign Media Note.

CARIBBEAN

Cuba

Military Reports Reinforcement of Guantanamo Base *[Hamburg DPA]* 1
Japanese Crisis, German Recovery Weaken Dollar *[Havana Radio]* 1
Robaina Leaves for Caracas for Ministerial Meeting *[Havana Radio]* 1
Soto Signs Economic Accord With Ukraine *[Havana Radio]* 1
Alarcon Attends Mozambican Independence Ceremony *[Havana Radio]* 1
Vietnamese Ambassador Donates School Supplies *[Havana Radio]* 2
Bolivian Ambassador Discusses Joint Ventures *[Havana Radio]* 2
UN Allocates Funds Against Drug Trafficking *[Havana TV]* 2
Plant Explosion Critically Injures 4 *[Havana Radio]* 2
Minaz Official on Spring Sowing Delays, Outlook *[Havana Radio]* 3
Planting Unlikely To Reach 60 Percent *[Havana Radio]* 3
Caribbean Businessmen's Meeting Concludes *[Havana TV]* 4
Commission Chairman on Meeting, Fair *[Havana Radio]* 4
Matanzas Power Predicts Blackouts; Unit Off Line *[Havana Radio]* 4

Haiti

'Significant Increase' in Asylum Seekers Noted *[Port-au-Prince Radio]* 5
Radio Reports on Cost of Operat *[Port-au-Prince Radio]* 5
'Rebels' Attack Military Outpost at Camp Perin *[Port-au-Prince Radio]* 5
Aristide: 'Military's Game Is Over' *[Munich FOCUS 27 Jun]* 6
Chamber President Writes Clinton on Intervention *[Port-au-Prince Radio]* 6
Writes for Tally of Aristide Expenses *[Port-au-Prince Radio]* 6
Employers 'Disgusted' With Sanctions *[Port-au-Prince Radio]* 7

MEXICO

New Group Claims Responsibility for Killing 2 Officials *[Madrid EFE]* 8
Chiapas Government Pledges To Evict Squatters *[NOTIMEX]* 8
Government Suspends Oil, Equipment Exports *[NOTIMEX]* 9
PRI President Pichardo on Respect for Elections *[Madrid EFE]* 9
PRD Candidate Presents Economic Program *[LA JORNADA 25 Jun]* 10
Roundup of Economic Developments *[NOTIMEX, etc.]* 11

CENTRAL AMERICA

Costa Rica

Government Not To Reestablish Ties With Cuba *[Hamburg DPA]* 13
Colombian Drug Suspect To Be Extradited to U.S. *[ACAN]* 13

El Salvador

New Joint Venture Bank Established *[LA PRENSA GRAFICA 23 Jun]* 13

Guatemala

De Leon Cited on Relocation of Settlers in Belize *[LA REPUBLICA 25 Jun]* 13

Roundup of Economic Developments *[NOTIMEX, etc.]* 14

Honduras

Reina Cited on 'Misunderstanding' With Perry *[TIEMPO 28 Jun]* 14
Army Chief Admits Discussion of U.S. Air Units *[LA TRIBUNA 28 Jun]* 14
Roundup of Economic Developments *[EL TIEMPO 22 Jun, etc.]* 15

Nicaragua

Ex-Recontras Enter Colombian Embassy, Demand Asylum *[AFP]* 15
Colombian Ambassador Held Hostage *[AFP]* 15
Government Ministry Announces Occupations *[ACAN]* 16
Recontras Urged To Leave *[ACAN]* 16
Roundup of Economic Developments *[BARRICADA 22 Jun, etc.]* 17

Panama

Authorities Seize 3,000 Pounds of Pure Cocaine *[LA PRENSA 27 Jun]* 17
Endara Appoints New Education Minister *[Panama City TV]* 17
Roundup of Economic Developments *[EL PANAMA AMERICA 22 Jun, etc.]* 17

SOUTH AMERICA

Argentina

CNEA Head Denies Construction of Nuclear Plant *[NOTICIAS ARGENTINAS]* 19
Chilean Under Secretary on Mercosur, NAFTA *[Madrid EFE]* 19

Bolivia

Sanchez Clarifies Comments on Sea Outlet *[LOS TIEMPOS 23 Jun]* 19

Brazil

Amorim Meets Vietnamese Official, Announces Accord *[GAZETA MERCANTIL 27 Jun]* 20
President Orders Minimum Wage Increase for 1 Sep *[Brasilia Radio]* 20
Ricupero: Minimum Wage Hike Not To Affect Plan *[AGENCIA ESTADO]* 20
Government Tightens Control Over State Enterprises *[AGENCIA ESTADO]* 21
Candidate Cardoso's Economic Advisors Interviewed *[CLARIN 26 Jun]* 22
Editorial Examines U.S. Trade Ties, Challenges *[O ESTADO DE SAO PAULO 28 Jun]* 23
Study: Country Should Redirect Science Policy *[GAZETA MERCANTIL 28 Apr]* 23
Research Tries To Recover *[FOLHA DE SAO PAULO 3 May]* 24
$85 Million Allocated for Development *[GAZETA MERCANTIL 19 May]* 25
First Phase of Electron Accelerator Completed *[GAZETA MERCANTIL 13 May]* 26
'New World Trade Map' Seminar Proceedings Viewed *[GAZETA MERCANTIL 27 May]* 27

Chile

Army Commander Pinochet Views Czech Trip *[LA TERCERA DE LA HORA 19 Jun]* 30
Exports to Aladi, Mercosur, EU, Asia Viewed *[ESTRATEGIA 15 Jun]* 33

Colombia

Further on Alleged Drug-Funding of Campaign 33
New 'Narcocassette' Disclosed *[Santa Fe de Bogota TV]* 33
Cali Cartel Chief Denies Contribution *[Madrid EFE]* 33
Authorities Investigate New Tapes *[Santa Fe de Bogota TV]* 33
Vice President-Elect Denies Links to Cartel *[Santa Fe de Bogota TV]* 34
Takeover of Nicaraguan Embassy Confirmed *[Santa Fe de Bogota TV]* 34

Paraguay

Wasmosy Seeks Opposition Support for Privatization *[ULTIMA HORA 28 Jun]* 34
Colorado Party's LA UNION Begins Publication *[ULTIMA HORA 28 Jun]* 35
Correction to DEA, Brazilian Police Find Drug Network 35

Peru

Fujimori 'Worried' Over Release of 'Terrorists' *[EL COMERCIO 17 Jun]* 35
Congressman Views U.S. Radar Station Closings *[EL COMERCIO 20 Jun]* 36
Air Force Resources Lacking Against Traffickers *[EXPRESO 20 Jun]* 37
Legislators Visit ROK, Support Nonproliferation Treaties *[EL PERUANO 22 Jun]* 38
Electoral Court Announces Elections for Apr 1995 *[Madrid EFE]* 38
Former President Not To Run in 1995 Elections *[Lima Radio]* 38
New Army Chief of Staff Installed *[EXPRESO 23 Jun]* 38
Workers Criticize Government at ILO Assembly *[EXPRESO 17 Jun]* 38

Uruguay

Foreign Minister: Mercosur Schedule To Be Met *[EL PAIS 23 Jun]* 39
New Transport, Public Works Minister Installed *[LA MANANA 23 Jun]* 40

Venezuela

Government Spokesmen: Guarantees Suspended Following Coup Plot
[ECONOMIA HOY 28 Jun] 40
Foreign Minister Views Guarantee Suspension *[Caracas Radio]* 40
Interior Minister Explains Measures *[Caracas TV]* 41
Prosecutor General Backs Suspensions *[Caracas Radio]* 41
Official Discusses Suspension of Guarantees *[Caracas Radio]* 41
Legislator Supports Caldera Measures *[Caracas Radio]* 42
Political Parties Divided *[Caracas Radio]* 42
Fedecamaras Wants Controls Lifted in 60 Days *[Caracas Radio]* 43
Central Bank Suspends Sale of Foreign Exchange *[NOTIMEX]* 43
Finance, Development Ministers on Measures *[Caracas Radio]* 43
Finance Minister: Nationalizing Banks Possible *[Caracas Radio]* 44
Caldera Favors Constitutional Reform Referendum *[Caracas TV]* 44
Government To Probe Campaign Against Financial System *[EL UNIVERSAL 28 Jun]* 45

Cuba

Military Reports Reinforcement of Guantanamo Base

PA2806171494 Hamburg DPA in Spanish 1653 GMT 28 Jun 94

[Text] Havana, 18 Jun (DPA)—The United States has reinforced its combat units at the Guantanamo Bay Naval Base, located 1,000 km east of Havana, a top military officer of the Cuban Armed Forces reported today.

"For several days, we have noticed the reinforcing of the military enclave with military personnel and equipment," said Division General Ramon Espinosa, Army chief in the eastern part of the country.

In a statement made to PRENSA LATINA after visiting several military units in the region, Gen. Espinosa said those movements could be part of a possible U.S. military intervention in Haiti. "Such an action would increase tensions in the Caribbean area," Gen. Espinosa said, adding that the Cuban Armed Forces should be alert and prepared for any eventuality.

"The Cuban Army in the eastern region is at full combat readiness to quickly and effectively repel any military action from the Guantanamo Bay Naval Base," Gen. Espinosa stressed.

Japanese Crisis, German Recovery Weaken Dollar

FL2906014394 Havana Radio Rebelde Network in Spanish 2300 GMT 28 Jun 94

[From the "Exclusive" program]

[Text] Widespread losses were reported on the 28 June currency market in Treasury Bonds and on the New York Stock Exchange due to the relentless drop in the dollar. Despite the opinion of economists that the crisis has yet to reach bottom, the value of the dollar on the New York market was under the psychological barrier of 100 yen, one of its lowest levels since the end of World War II, the result of one of the most serious crises in Japanese politics.

Specialists believe that the problems in Japan and the recovery of the German economy are the main causes for this continual drop in the dollar, placing Bill Clinton's administration in an embarrassing situation.

EFE comments that in spite of the drop in the dollar's value in recent years, the commercial trade deficit with Japan has continued to increase. In addition, it is believed that the dollar's decline deters foreign investments on the New York Stock Market and casts doubt on the economic recovery on which President Clinton prides himself.

Robaina Leaves for Caracas for Ministerial Meeting

FL2806221594 Havana Radio Rebelde Network in Spanish 1700 GMT 28 Jun 94

[From the "National Radio News"]

[Text] On the morning of 28 June, Foreign Affairs Minister Roberto Robaina departed for Venezuela. Robaina will participate in the foreign ministers' preliminary technical meeting, in preparation for the Barbados conference, to create the Association of Caribbean States. A large group of foreign ministers and experts in foreign relations from the Caribbean and Latin America will finalize issues in Caracas for the forthcoming Association of Caribbean States convention and the Caricom summit for the Anglo-Caribbean community, which is to take place in Barbados in July.

Soto Signs Economic Accord With Ukraine

FL2806223894 Havana Radio Rebelde Network in Spanish 1700 GMT 28 Jun 94

[From the "National Radio News"]

[Text] On 28 June, Ukraine and Cuba held talks in Kiev to strengthen bilateral ties. A positive step was the signing of an accord to create a technical economic commission. The accord was signed by Lionel Soto, vice president of the Council of Ministers, and Vice Prime Minister Valeriy Shmarov. Soto is visiting several CIS nations, having already been to Russia, Kazakhstan, Belarus, and Azerbaijan.

Alarcon Attends Mozambican Independence Ceremony

FL2806230894 Havana Cuba Vision Network in Spanish 0000 GMT 28 Jun 94

[From the "NTV" newscast]

[Text] Cuba must remain firm and victorious because it is a symbol for the peoples of the world, particularly Africa, said Marcelino dos Santos, president of the People's Assembly of Mozambique, on 27 June. Dos Santos spoke in a ceremony at the Afro-Asian-Latin American People's Solidarity Organization [AALAPSO] building to mark the 19th anniversary of Mozambique's independence. A special first-day stamp cancellation took place during the ceremony to mark this significant occasion. Ricardo Alarcon, president of the National Assembly of the People's Government [ANPP], was in attendance. Marcelino dos Santos spoke about the future of Mozambique as well as its role in a convulsive Africa.

[Begin Dos Santos recording in Portuguese] We can expect a bright future because, first of all, the war that destroyed our country is in the past; secondly, the great cancers of the region—apartheid in South Africa and the regime of President Banda in Malawi—have been eliminated. In other words, the Mozambican people now

have all the conditions to reconstruct the economic development projects that we had already established between 1975 and 1980 in health and education. [end recording]

Vietnamese Ambassador Donates School Supplies

FL2806225594 Havana Radio Rebelde Network in Spanish 2300 GMT 27 Jun 94

[Report by Elia Sardinas for the "Exclusive" program—passages in quotation marks recorded]

[Text] Today, Vietnamese Ambassador Le Duc Anh delivered a $2.5-million donation during a beautiful ceremony at the Ho Chi Minh ESVEC [expansion unknown] in Jaruco Municipality. The materials were collected in a solidarity campaign sponsored by the UJC [Union of Young Communists] Ho Chi Minh Contingent and supported en masse by the Vietnamese people.

[LeDuc] "I can tell you the campaign is an example of the mobilization that is always seen in Vietnam, and our people's awareness and internationalist solidarity with the Cuban people. [applause] Therefore, the campaign, like other campaigns, involved the large-scale and enthusiastic participation of all the Vietnamese people, all young Vietnamese people and children."

The closing speech was given by UJC Secretary Juan Contino.

[Contino] "Friendship and brotherhood between Cuba and Vietnam have been forged by a joint struggle waged for decades, as has defense of the most humane system of solidarity that exists in the world today. That is precisely why millions of children, young people, old people, women, students, and workers— the purest, most representative examples of the Vietnamese people—actively participated in the campaigns of solidarity with our homeland."

The ceremony was presided over by Jose Ramon Balaguer, member of the Politburo; Melba Hernandez, a heroine of the Moncada Barracks attack; and Ministry of Education officials.

Bolivian Ambassador Discusses Joint Ventures

FL2806233594 Havana Radio Rebelde Network in Spanish 1700 GMT 27 Jun 94

[From the "National Radio News"]

[Text] On 27 June in Havana, Bolivian Ambassador Juan Franklin Anaya Vasquez said that Cuba and Bolivia are currently engaged in strengthening political and economic relations. Anaya told PRENSA LATINA that Cuba and Bolivia have nearly completed an air navigation agreement. The accord, once signed, will allow for Cubana de Aviacion and (Lloyd) Aero Boliviano planes to fly between La Paz and Havana. Anaya emphasized the importance of this accord, based on increased tourism to Cuba, not only from Bolivia, but also from other nations of the region's southern cone.

Anaya added in his statement to PRENSA LATINA that Cuba and Bolivia are analyzing increased trade in several areas. La Paz is studying the possibilities of a visit with Cuban authorities in Havana by Bolivian businessmen, enabling them to identify possibilities for investment. Anaya noted that politically, Bolivia condemns the inhumane U.S. blockade against Cuba just as it condemns other measures that oppress the people. Anaya pointed out that in the area of culture, the work done by Cuban teachers in all fields has been positive, with emphasis on ballet specialists and various artistic groups.

UN Allocates Funds Against Drug Trafficking

FL2906015094 Havana Cuba Vision Network in Spanish 0000 GMT 29 Jun 94

[From the "NTV" newscast]

[Text] The United Nations has allocated funds to foster Cuba's efforts and experience against drug trafficking. The United Nations will contribute $1.019 million to the Cuban program against drug trafficking. This will help to acquire supplies and equipment for Interior Ministry units and Customs. This was announced in Havana by members of the Cuban Drug commission. Dr. Zenaida Osori, first vice minister of Justice, pointed out that Cuba's geographical location between suppliers and consumers requires constant vigilance.

Cuba's efforts in this regard have been praised by diverse international organizations. The members of the commission went on to explain that the increase in Cuban tourism requires maximum quality and that all those involved in the fight against drugs are working toward that goal. It was also announced that as of 30 December 1993, 79 operations took place and that 3,364.297 kg of cocaine and 1,353.291 kg of marijuana washed up on Cuban shores. So far this year, however, there have been only 11 cases, not of smuggling, but of foreigners carrying small amounts for personal use.

The members of the Cuban Drug Commission wonder whether drug traffickers have stopped using Cuba as a bridge or if Cuba has improved its operations. Cuba is waging the war of good against evil.

Plant Explosion Critically Injures 4

FL2906011894 Havana Radio Rebelde Network in Spanish 2300 GMT 28 Jun 94

[Report by Enrique Atienza from Camaguey Province for the "Exclusive" program]

[Text] A deplorable accident occurred at 1030 today at the corrugated roof factory in Camaguey Province. The explosion occurred at one of the two reactors [reactores] located in the factory's pilot plant. These reactors are

experimentally used to manufacture sulphur resin, which has many uses in the construction industry. The explosion injured six workers, two of whom are reported in very critical condition, two in critical condition, and the rest will be under medical observation for the next 24 hours.

Marta Sanchez Castellanos, a chemical engineer and technologist at the corrugated roof factory, was caught in the explosion and suffered third-degree burns, eye injuries, and loss of consciousness. Mario de Armas Ligo, a specialist in mechanical plant plastics, is also in a critical condition in the intensive care burn unit at the Manuel Ascunse Domenech Hospital. Osvel Alvarez Basurto, a chemical engineer, and Angel Miguel Diaz, a pilot plant operator, are in critical condition, according to the team of specialists in charge of them. The two patients who present no major complications are Ricardo Cid Sanchez, an instrument maker, and Carlos Fonseca Pino, a technician in the boiler plant, who was hit by resin particles.

The explosion destroyed part of the pilot plant's roof. The reactor's mixing vat, which weighs approximately 20 kg, landed at a distance of 40 meters. The explosion is being investigated, although everything seems to indicate it was the result of poor handling techniques.

Minaz Official on Spring Sowing Delays, Outlook

FL2906004694 Havana Radio Rebelde Network in Spanish 2300 GMT 27 Jun 94

[Interview with Oridio Caballero, vice minister for sugarcane, by reporter Diosdado Maso Perez for the "Exclusive" program—live or recorded]

[Text] [Maso] June will end in three days and the completion of the spring cane sowing plan will be almost impossible to meet. Therefore, I spoke with engineer Oridio Caballero, Minaz [Ministry of the Sugar Industry] vice minister for sugarcane. The important thing, the vice minister assured me, is to continue sowing in July what cannot be sown now. Various factors determined the failure to meet the spring sowing plans in the country—rain, fuel, and availability of seed with a certain category, meaning seed quality. According to Caballero, a supply of seed is now available after the required work was done. All steps were taken to prepare a quality seed supply.

[Caballero] This involves the handling of quality seeds in each of the centers; the quality of the hydrothermal treatment of these seeds; protection of the seed supplies; adequate handling of seed varieties, which is very important; strict compliance with phytosanitary measures; qualified and trained personnel; attention to workers' social needs; and the aesthetic qualities, from the technical agronomical viewpoint, that each of the seed supplies must have.

[Maso] Vice minister, you know Cubans have a tendency to do things sporadically. It would be interesting to know what will be done to guarantee that what has been accomplished will not be lost.

[Caballero] I would say this is a challenge, but we are fully convinced that we can manage it. First of all, I can tell you that within the guidelines we established for the new Basic Cooperative Production Units [UBPC's], it was clearly stated that the state was responsible for everything dealing with the seed varieties and phytosanitary issues. Judging from what we have seen around here, what we have seen in all the UBPC's, and what we have seen at each of the seed supply centers throughout the country, we are convinced that we will accomplish this task at the required level, at the prescribed level, from the technical viewpoint. I also want to tell you that we are in a better position than we were in 1986 and 1988 because we now have the thermal treatment plants we did not have back then. Now we can guarantee a quality seed system as never before.

[Maso] If we have seed, it is necessary to continue sowing, not only in June and July, but also in August and September because in the end, that is the sugarcane we will have for the 1995-96 harvest.

Planting Unlikely To Reach 60 Percent

FL2906004494 Havana Radio Rebelde Network in Spanish 2300 GMT 28 Jun 94

[Report by Diosdado Maso from the "Exclusive" program]

[Text] I am going to speak about the spring sugarcane planting program. There are 48 hours left in the month of June. The spring sugarcane planting program is unlikely to reach even 60 percent completion.

For some Cubans, this is a recurring ailment. Seen in cold blood, this statement is nearly true. In 1994, however, the situation has been extremely difficult because the over 7,000 caballerias still to be planted were subject to constant rain since the beginning of April; the fuel shortage that is also responsible for the power outages we experience at home; and of course, this or that shortages, although to be truthful, shortages have not influenced results as much this year.

Nonetheless, the sugarcane that should have been planted by 30 June can and should be planted in July, August, and September because, in the end, that is the sugarcane that will be ground in the 1995-96 harvest, and it can be planted, I repeat, perfectly well.

To date, only Pinar del Rio Province has met its spring sugarcane planting goal. Havana Province has attained 94 percent of its planting goal. Havana has demonstrated aggressiveness in this endeavor. It was the only province to meet its limited sugar production program and as you can see, is also about to complete its spring sugarcane planting program. The worst spring planting situation is in Sancti Spiritus Province, with 39-percent fulfillment;

and Villa Clara Province, which has not even planted 50 percent of the 2,600 caballerias projected.

Planting the projected sugarcane is a life-or-death situation for Cuba. Sugar continues to be the source of our cash currency for any major commercial transaction. Other transactions will be covered by tourism, perhaps nickel, and tobacco revenues. Only sugar currency, however, fills the bill. This is why, only by producing more sugarcane can we acquire more currency. This is why the goal now is not to feint, but to plant up to the last caballeria, even if it takes up to midnight on New Year's Eve.

Caribbean Businessmen's Meeting Concludes

FL2906021494 Havana Cuba Vision Network in Spanish 0000 GMT 29 Jun 94

[From the "NTV" newscast]

[Text] The second Caribbean Businessmen's Meeting has concluded in Santiago de Cuba in an effort to link regional trade and the world. All day long, the 250 participants, including 115 foreigners, held bilateral meetings which resulted in broad cooperation prospects. This is how Mauricio Martin described the goal of these meetings:

[Begin Martin recording] The idea is for the Caribbean Businessmen's Meeting to become a meeting of Caribbean businessmen for trade with the world, not only with Cuba. [end recording]

According to Martin, manager of Lafitel Enterprise, his enterprise has already attained this.

[Begin Martin recording] Yes, I believe so. We have already seen the interest of certain companies. Our goal is of course to expand to the Caribbean, either in terms of exports to the Caribbean or associations with Caribbean companies to modestly fill a niche in the Caribbean market and also to contribute our grain of sand to Caribbean integration. [end recording]

The meetings were held behind closed doors. Everyone's goal is to take advantage of integration conditions and mutual trade. As this meeting ended, the Expocaribe-94 Fair began promptly at 1800. Several countries and dozens of companies are participating. This guarantees the success of a fair that promises to be better than the previous ones.

Commission Chairman on Meeting, Fair

FL2906020794 Havana Radio Rebelde Network in Spanish 2300 GMT 27 Jun 94

[Report by Jose Mejia and Carlos Sanabria in Santiago de Cuba for the "Exclusive" program—live]

[Text] [Mejia] The second Caribbean Businessmen's Meeting opened today with the participation of over 100 businessmen from 13 countries in the area. Carlos Sanabria Marrero, our newsman in eastern Cuba, has details on this. Carlitos, we are contacting you again for an exclusive scoop.

[Sanabria] Yes, Mejia. I am at the Santiago Hotel. Caribbean businessmen who participated in the second meeting have just heard interesting statements by Cuban experts concerning Cuba's trade policy in the Caribbean and their experiences, as well as the reality and outlook in the tourism sector, and the possibilities and alternatives for air and maritime transportation. Comrade Osvaldo Martinez, chairman of the ANPP [National Assembly of the People's Government] economic commission, and director of the World Economy Research Center, is here with me in front of Radio Rebelde's microphones. We will hear his opinion about developments at the second businessmen's meeting.

[Martinez] I believe that, without resorting to rhetoric, I can assert that this event is undoubtedly a success. The event is being held practically on the eve of the Association of Caribbean States' [ACS] creation, which marks a new and higher event in the area's integration efforts.

[Sanabria] According to some businessmen—even according to what former Jamaican Prime Minister Michael Manley said in his speech at the event's opening—it is predicted that the association will be created with Cuba's participation.

[Martinez] Yes, that is true. In other words, I think that one of the things we have to value about the creation of ACS and the efforts toward Caribbean integration is that it is occuring based on the Caribbean governments' statements that no Caribbean integration is possible without Cuba. This is really important.

[Sanabria] Osvaldo, there is an equally important matter: This event will be followed by the inauguration of the third Caribbean fair—Expocaribe 94.

[Martinez] Yes, that is extremely important. The fair is practically a continuation of the businessmen's meeting. Bilateral meetings and negotiations should begin tomorrow between businessmen and Cuban enterprises and agencies. The fair will also begin.

[Sanabria] This means that many of the things discussed here concerning the possibility of trade with the eastern provinces will be determined by the businessmen at the fair.

[Martinez] Yes, I believe it is the complement. We are in the theoretical phase right now, which is obviously necessary. The fair will be the practical side of many of the things discussed here.

Matanzas Power Predicts Blackouts; Unit Off Line

FL2806165594 Havana Radio Rebelde Network in Spanish 0900 GMT 28 Jun 94

[From the "Doing Radio" program]

[Text] The Matanzas power authority predicts power will be interrupted for up to eight hours per circuit this week. Matanzas consumes more than 2,000 megawatts per day. Sector officials report that the conservation program will reduce electrical output by about nine megawatts 1000-1100 GMT, 18 megawatts 1200-2100 GMT, and 45 megawatts 2200-0300 GMT. The report indicates that 1,458 megawatts—47 percent of the total generated amount possible—is available from the nationwide electrical system. Currently in Cuba, six units are being repaired, eight remain broken down, and three are having water and fuel problems. This amounts to a deficit of 500 megawatts during the period of maximum demand.

[Havana Radio Reloj Network in Spanish at 1403 GMT on 28 June reports: "GRANMA newspaper reports on 28 June that Unit No. 3 of the Carlos Manuel de Cespedes Electric Plant in Cienfuegos was taken off line from the nationwide electrical system on the morning of 27 June for scheduled maintenance. GRANMA adds that the work is scheduled to last 35 days and will be undertaken by the plant's technicians and workers, as well as by the Basic Industry Ministry's electrical plants maintenance enterprise. Specialists believe that the Japanese-made unit requires extensive maintenance to remedy diverse technological problems and to elevate generating capacity from 130 to 158 megawatts. The electrical plant's workers have once again pledged to work very quickly."]

Haiti

'Significant Increase' in Asylum Seekers Noted

FL2806212594 Port-au-Prince Radio Metropole in French 1600 GMT 28 Jun 94

[Report by reporter Rothschild Francois]

[Excerpt] The U.S. Coast Guard rescued 785 Haitian boat people on the high seas in three days, according to State Department spokesman, Michael McCurry, who adds that these numbers represent a significant increase in the number of people requesting asylum, compared to previous days. Since establishing the refugee control system aboard the U.S. ship, Comfort, in Kingston Harbor in Jamaica on 15 June, the Coast Guard has intercepted 1,148 Haitians, according to the spokesman. Today, 130 were granted refugee status, while 347 saw their requests rejected and must be repatriated. A group of 170 Haitian boat people were repatriated today. Rothschild Francois reports live:

[Francois] As has been observed, the number of Haitian boat people has increased over the past few days. Yesterday, more than 1,000 boat people were intercepted by the U.S. Coast Guard and taken to Jamaica where they will be interviewed under the U.S. program of political asylum. A total of 170 boat people were repatriated to Port-au-Prince today aboard the U.S. ship, the Dependable, including dozens of young children. These refugees are mostly from Petit-Goave, Cap-Haitian. They said they took to the sea to escape the misery. [passage omitted]

It should be noted that the U.S. Embassy spokesman in Port-au-Prince, Stanley Schrager, was on the Port-au-Prince wharf when these refugees were repatriated. Schrager again announced that the United States encourages Haitians to apply for political asylum at the three centers established in Haiti—in Cap-Haitian, Port-au-Prince, and les Cayes—rather than risk their lives on the high seas.

Radio Reports on Cost of Operation

FL2806210094 Port-au-Prince Signal FM Radio in French 1030 GMT 27 Jun 94

[Text] Receiving Haitian refugees aboard a U.S. ship in Jamaica's Kingston Harbor costs $120,000 a day, according to the 25 June SUN-SENTINEL, a Fort Lauderdale, Florida newspaper. The use of a Coast Guard patrol boat to process the Haitian people costs $2,100 an hour.

A flight hour for each of the six helicopters accompanying the patrol boat costs $750, the newspaper reports. The operation for relief and repatriation of Haitian refugees constitutes the Coast Guard's largest operation since the second World War, a U.S. Coast Guard official told the newspaper. According to him, there have never been so many U.S. warships, from both the Coast Guard and the Navy, on the open sea. Eight U.S. ships, 15 Coast Guard patrol boats, and hundreds of immigration service members are participating in the relief and repatriation operations. The U.S. ship, USNS Comfort, which is anchored in Kingston Harbor, is temporarily receiving the Haitian refugees to allow them to present their political asylum requests to the United States. The Haitians, whose requests have been rejected, are repatriated to Port-au-Prince. This is what the SUN-SENTINEL reported on 26 June. It said that $120,000 is spent daily [pauses] must be spent daily on Haitian refugees.

'Rebels' Attack Military Outpost at Camp Perin

FL2806221394 Port-au-Prince Radio Metropole in French 1600 GMT 28 Jun 94

[Text] Some rebel activity has been reported in the southern region and in Grand-Anse by the Haitian Army's headquarters. A group of armed men attacked a military outpost atm Camp Perin during the night of 19 June, according to Army headquarters. According to a high-ranking officer of the Haitian Army, one rebel was killed and the Army sustained one injury. The soldier on duty in the Camp Perin subdistrict reportedly received a bullet wound in the leg during an exchange of shots with the rebels who, it is reported, numbered around 20. According to this high-ranking officer of the Haitian Army, following the exchanges, the group spread out to the south and in Grand-Anse, where they are being

pursued by military units. In Grand-Anse, a peasant was reported killed by one of the rebels who later took his own life. [words indistinct]

Aristide: 'Military's Game Is Over'

AU2806121194 Munich FOCUS in German 27 Jun 94 p 81

[Interview with exiled President Jean-Bertrand Aristide by an unidentified FOCUS correspondent; place and date not given: "The Military's Game Is Over"]

[Text] [FOCUS] What will you do first when you return to Haiti?

[Aristide] First of all, there must be reconciliation with my enemies and a judicial reform to reestablish justice. At the moment, one can still buy justice. Without money you will not get any justice.

[FOCUS] The military will not give up so quickly after the "Tontons Macoutes" have been reorganized.

[Aristide] Judging from my seven months in office, it is certainly possible to rule Haiti democratically. You can see this alone by the fact that after my election, those Haitians who fled under Duvalier returned. I claim that at the moment, 99.95 percent of the population support me. Many have fled abroad again and are just waiting to be able to return.

[FOCUS] Nevertheless: Are all the military officers and other terror troops not a constant threat to you?

[Aristide] Many of these people are abused by the Army Command. They are just afraid that they themselves will be killed. As soon as they realize that there is no point in fighting against the world, they will stop.

[FOCUS] Will you put the military leaders on trial?

[Aristide] No. First of all, I will issue a political amnesty. I have committed myself to that on the basis of Article 147 of our Constitution.

[FOCUS] What role does the United States play in the Haitian conflict?

[Aristide] With Haiti, the United States has one of the poorest countries right on its front door. Almost 76 percent of our foreign trade is conducted with the United States. In addition, more than 1 million Haitians live in the United States, who send about $300 million back to Haiti. If the United States, together with Haiti can revive democracy, this would be a positive signal for the entire region. In the end, the security of this hemisphere depends on what is happening now in Haiti. Just think of Venezuela. There the military wanted to stage a putsch along the lines of Haiti, but, fortunately, they failed.

[FOCUS] Did you not expect more help from the United States and the United Nations after your ouster?

[Aristide] We have decided in favor of a non-violent path. With this, we have gained respect.

[FOCUS] But recently you demanded a military intervention....

[Aristide] No, I have never spoken up in favor of that. I still think of a solution with the help of the international community. We must finally separate the police from the Army, an Army that consists of 7,000 men but devours 40 percent of the entire budget. At the moment, there are 10 soldiers for 10,000 Haitians, but only 1.8 doctors. There is no sense to that.

[FOCUS] Recently, you spoke of a "surgical intervention"....

[Aristide] I just wanted to say that the international community should not just discuss the matter but also do something. Only a total embargo can shorten my people's time of suffering. Unfortunately, this was imposed only recently. Now the military's game is over.

Chamber President Writes Clinton on Intervention

FL2806185594 Port-au-Prince Radio Metropole in French 1045 GMT 28 Jun 94

[Text] Chamber of Deputies President Frantz Robert Monde has written President Bill Clinton. As a man of exemplary character and deep understanding, I want you to know that the Haitian people want peace and well-being and not war and misery. Monde writes: They reject dictatorship in any form and only want the kind of true democracy that develops over years within the framework of their own culture, customs, and history.

He continues: Mr. President, why are so many blacks in the U.S. Congress so desperate to lead you into military intervention against a small, poor, defenseless country? They want victory for the U.S. Government and Armed Forces, yet—as Cornet, the French poet, might say—they remain silent on the tragedy of hundreds of thousands of their African brothers dying in Rwanda. Monde asks: Mr. President, did you ever question their interests and what the Democratic Party has to gain by you, as the one representing them at the highest leadership level, making this decision?

Writes for Tally of Aristide Expenses

FL2806200994 Port-au-Prince Signal FM Radio in French 1030 GMT 28 Jun 94

[Text] President Aristide is squandering Haitian funds frozen in the United States. The president of the Chamber of Deputies is adamant about seeing the hidden face of the iceberg at all costs. In a letter to the U.S. secretary of state, a copy of which reached our editorial desk, the president of the lower chamber, Frantz Robert Monde, has called Warren Christopher's attention to the steps not taken so far, as well as those taken by the office of the Chamber of Deputies with the U.S. State Department concerning funds belonging to

the Haitian state, which are frozen in the United States and are being improperly spent by President Aristide. The president of the Chamber adds that following a request by the Ministry of Finance commission, based on the belief that the Constitution and the laws of a state define the rules of the democratic game, the Chamber of Deputies found it necessary to address you, Mr. Secretary of State, on 26 April 1994, in a letter soliciting an accounting of President Jean-Bertrand Aristide's expenses being paid from funds frozen in the United States.

The vice president of the National Assembly has taken this opportunity to denounce U.S. authorities who, in response to his request, take pleasure in demanding a military intervention in his country. Monde asks, Would you prevent light from being shed on the scandalous character of those expenses, regardless of the Constitution and the laws of the Republic of Haiti? Still, and despite everything, he explains, I believe in the democratic traditions of U.S. institutions, in the greatness and morality of the U.S. people who prevent mean-minded personal interests and obstruction of the rules of law from undermining the U.S. democracy. He says he is convinced that—thanks to the vision of the U.S. secretary of state and the transparency that must characterize the management of a state's funds—the Chamber of Deputies will eventually have at its disposal a written accounting of the funds spent by President Aristide.

Employers 'Disgusted' With Sanctions

FL2806181894 Port-au-Prince Radio Metropole in French 1045 GMT 28 Jun 94

[Text] Raymond Roy, president of the Chamber of Commerce and Industry, issued a press release on 27 June confirming that Haitian employers are disgusted with the latest U.S. sanctions against Haiti. Roy points out that the list of 250 people that was prepared following the imposition of the financial sanctions includes handicapped people, children, and even a deceased person, most of whom are directly or indirectly linked to the institution. The Chamber of Commerce and Industry notes that it is disgusted with this carefree and casual attitude and that it stands with the victims and asks them to keep their heads high and face this difficult period with dignity. The day will come when the truth will be told of the dishonest maneuvers leading to those sanctions, the press release says.

New Group Claims Responsibility for Killing 2 Officials

PA2906030594 Madrid EFE in Spanish 0007 GMT 29 Jun 94

[Text] San Cristobal de las Casas (Mexico), 28 Jun (EFE)—At least two immigration officials were killed in an attack on an border post in Chiapas State by a new group calling itself the People's National Liberation Movement [Movimiento Popular de Liberacion Nacional—MPLN], state authorities reported today.

According to sources in the Attorney General's Office, the attack took place at 0400 (1000 GMT) in the municipality of Mazapa de Madero, 10 km from the Guatemalan border. The rebel Zapatist National Liberation Army (EZLN) has its base of operations in the northwestern region of Chiapas, some 150 km from this area.

Authorities have begun investigating the killing of the two immigration officials, Luis Alonso Cordova, 46, and Lindolfo de Leon Castillo, 37. After the two were killed, their bodies were burned along with the outpost and two vehicles.

The authorities confirmed the area has been cordoned off since 1500 by members of the Army's 25th Infantry Battalion, which is based in the town of Motozintla, some 10 km west of the site of the attack. A placard was found near the area with a slogan painted in red: "We do not want any more clowning around with your electoral circus—MPLN." Some 10 km from there, another placard was found with a slogan that read: "If the government does not fulfill its promises here and there, the struggle will continue—MPLN."

According to Jose Santiago Garcia, mayor of Mazapa de Madero, the attack could have been staged by groups of drug traffickers or by traffickers of illegal Central American aliens who operate in the region.

The Interior Secretariat has asked the relevant authorities to conduct investigations to find those responsible for this criminal action. Up to now, the existence of this guerrilla group was not known. Authorities have been unable to confirm if the attack was carried out by guerrillas or by criminals linked to drug trafficking.

Last week, the self-styled Mexican Southeastern Revolutionary Peasants and Workers Front announced its demands. It threatened to stage an uprising if it was not included in the peace talks between the EZLN and representatives of President Carlos Salinas de Gortari's government.

Chiapas Government Pledges To Evict Squatters

PA2806140294 Mexico City NOTIMEX in Spanish 0424 GMT 28 Jun 94

[Text] Tuxtla Gutierrez, 27 Jun (NOTIMEX)—The Chiapas State government pledged today that in the next 24 hours, it will begin to evict peasants and Indians from 462 properties, which they have occupied in this southeastern state, authorities have reported.

Interior Secretary General Rodolfo Ulloa announced that this was a pledge made to cattlemen and ranch owners, who, last Friday, began demonstrations in Tuxtla Gutierrez, the state capital. The pledge supercedes the request made to the Mexican Army to intervene and clear the properties. Ulloa Flores stated, referring to the occupation of lands in the Chiapas conflict zone since 1 January.

The state government turned down the request to investigate the State Council of Indian and Peasant Organizations (CEOIC) for the occupations "because it felt this action should be conducted through a direct request by the persons affected", he noted. The official added that the response to a list of demands submitted by cattlemen and ranch owners includes the continuation of negotiations in "appropriate" cases involving farms that were taken over before 14 April. The negotiations, he said, involve sales, relocations, or evictions from lands occupied before 14 April, which is when the government, cattlemen, ranch owners, and CEOIC, signed an agreement banning occupations as of that date.

Evictions will occur if relocation agreements are not reached with squatters on properties that were occupied before that date and have not been put up for sale. He explained that these operations will conclude on 31 August.

Ulloa Flores said that on Monday, the payment of compensatory rent was agreed upon to cover damages caused between the date of the occupation and the date of the eviction or sale of the property. The official said the Chiapas Attorney General's Office was also instructed to review prior investigations of evictions, damages, thefts, and cattle rustling, and to hand out indictments. The secretary general added that the Chiapas government's response requests banking institutions to pay special attention to the owners of occupied lands.

Last Friday, approximately 4,000 cattlemen and small-scale ranch owners began demonstrating outside the local town hall to demand a solution to the invasion of some 500 properties in the conflict zone and to overdue debts.

The conflict began on 1 January when the Zapatist National Liberation Army (EZLN) took over towns to press Indian demands and fought the Mexican Army for 11 days in clashes that left 150 people dead. In late February and early March, the EZLN held a nine-day meeting with Manuel Camacho Solis, the then commissioner for peace and reconcilation in Chiapas, and on 12 June, reiterated its willingness to seek a peaceful solution to the conflict. The police have carried out evictions from dozens of properties this year in operations resulting in at least 100 arrests.

Government Suspends Oil, Equipment Exports

PA2806150794 Mexico City NOTIMEX in Spanish 2059 GMT 27 Jun 94

[Text] Mexico City, 27 Jun (NOTIMEX)—It was officially announced today that Mexico has suspended its oil and oil derivatives exports to Angola and oil refining and transportation equipment to Libya thus abiding by two resolutions issued by the United Nations. The agreements, published in the Federation's official gazette, state that the resolutions signed by the foreign and finance secretaries will be implemented beginning tomorrow.

The first document states that the measure is in accordance with 1993 UN Resolution No. 864, which applies sanctions against the National Union for the Total Independence of Angola, UNITA. The international organization's resolution bans the sale and supply of weapons, material, oil, oil derivatives, vehicles, or military equipment to UNITA, whether these products are produced in the country or abroad. The agreement also states that the ports of Luanda, Lobito, and Namibe and the Luanda, Katumbela, Malongo, and Cabinda airports are exempted.

The second agreement also published in the official gazette states that Mexico will abide by the 1993 UN Resolution No. 883, which bans the supply of oil refining and oil transportation equipment to Libya. On 11 November 1993, the UN Security Council also decided to freeze all of Libya's financial assets abroad, including investments, deeds, and dividends. In that same document, the international forum agreed to leave out funds derived from oil, natural gas, or basic farming products that were exported after the resolution entered into effect.

It was expected that if by 1 December 1993 Libya did not turn over to the United States or Great Britain the people suspected of placing a bomb in an airplane, which killed 270 persons, the airline's worldwide offices would be closed. [sentence as received]

PRI President Pichardo on Respect for Elections

PA2806131994 Madrid EFE in Spanish 0708 GMT 25 Jun 94

[By Jose Torres Hernandez]

[Excerpts] Mexico City, 25 Jun (EFE)—Ignacio Pichardo Pagaza, president of the Institutional Revolutionary Party [PRI], told EFE today that the contenders' respect for the results of the 21 August presidential election is a fundamental premise for avoiding violence.

Speaking about the position Mexicans can expect from the PRI the day following the elections, Pichardo said: "We are committed to scrupulously respecting the results of the votes, the people's will as secretly expressed in the polls."

Politicians and experts have spoken about the most diverse hypothesis as to what will happen after the elections, including the possibility of violence once the PRI announces victory while the opposition shouts fraud!

Pichardo said: "I do not know what is going to happen on 22 August." He mentioned two premises, though: the Chiapas factor as a catalyst of change and a respectful attitude for the votes, as a means of avoiding violence as an aftermath of the presidential election.

He said Chiapas, where an Indian rebellion exploded on 1 January, gave speed to electoral changes that were in the process as a "product of agreements reached by parties in response to what society was demanding." He said we must "be strict in ensuring that the votes are clear, legal, and respected." With these two situations assured, we must work so that there is no violence as a result of the elections, he said. "We have an impartial and objective framework," he said. [passage omitted]

Mentioning the Mexican observers, Pichardo said: "These will be closely watched elections." He added: "The PRI is satisfied because it has admitted we must not only win, but we must also be able to convince everyone we won cleanly and lawfully."

Pichardo said the PRI "plays a fundamental role in the country's democratic progress." He said the reforms "we have promoted" are the best evidence the PRI clearly understands that the path of an ever improving democracy is an irreversible path.

Regarding the political campaign of Ernesto Zedillo, who was designated the PRI presidential candidate following the assassination of Luis Donaldo Colosio, Pichardo said he is satisfied because confidential PRI polls indicate the margin between Zedillo and other candidates "is increasingly wider." On 21 August, Mexicans will elect their president, 500 deputies, 96 senators, and 66 representatives to the Federal District Assembly in the country's 300 districts, 40 of which are in the Mexican capital.

Pichardo said that from a political viewpoint, the PRI cannot accept the idea it may "lose in any district or admit defeat beforehand. This is inadmissible. The idea is to win every single district and win the Presidency of the republic by a broad margin." He said, however, "I am realistic and admit there is intense competition, especially in certain urban districts where the tallies are very close, and we have to struggle hard to win or recover them, as the case may be."

Regarding the future of Chiapas, Pichardo said the peace process is the responsibility of the government and the Zapatist National Liberation Army. He said the PRI has asked the government to seek political mechanisms to renew the dialogue, which was officially terminated on 11 June.

Pichardo said his party can contribute to the peace process "by creating an environment of tolerance, plurality, and calm in the framework of which we may proclaim ourselves in favor of the search for political, not military, solutions."

PRD Candidate Presents Economic Program

PA2806233894 Mexico City LA JORNADA in Spanish 25 Jun 94 p 14

[Report by Raul Llanos Samaniego]

[Text] Tuxtla Gutierrez, Chiapas State, 24 Jun—Cuauhtemoc Cardenas Solorzano, presidential candidate for the Party of the Democratic Revolution (PRD), has unveiled to southeastern businessmen his economic program for the 1994-2000 period. The fundamental premises of his plan are respect for monetary and fiscal discipline, greater deregulation, war on corruption, definition of the state functions, and greater Mexican incorporation into the world economy. That program, he said, will allow us to grow at a 6 percent rate in 1996 and generate from 800,000 to 1 million jobs a year, which is why public and private investment will be raised to 25 percent of GDP.

In attending the Eighth Southeastern Business Forum, Cardenas Solorzano explained that his program will be made up of three complementary and concurrent phases: the orderly transfer of the management of the economy, an emergency plan to restore growth and create jobs, and, lastly, sustained growth, social development, and protection of the environment.

The candidate explained that during the first phase of its implementation, from September 1994 to June 1995, a package of measures will be created to maintain the stability of the exchange rate, encourage investment flow, and reevaluate the Mexican Government's ties with its foreign partners, international organizations, and the banking and commercial entities of the countries with which greater economic exchange exists.

At the same time, Cardenas Solorzano explained that a government economic team will be set up with people of great technical capacities and recognized integrity and professionalism, "who have not joined the economic team that designed and implemented the current government's degrading economic policy."

During the second phase, he said, an emergency plan would be implemented to regain growth and create jobs, which would be in effect for two years and require resources close to 16 billion new pesos.

Speaking to approximately 500 businessmen from Mexico's southeastern region, he noted that within this context public investment will receive a selective, orderly, and soundly financed boost, as this investment will serve as the initiator of economic reactivation owing to the stimulus it will give to local and foreign investments.

During the meeting, Cardenas Solorzano indicated that the emergency public investment plan will target the following priority areas: improving and expanding the road network; repairing, equipping, and expanding railroads and ports; increasing the capacity to generate energy and refine oil; and building and repairing schools, hospitals, housing, and urban services.

After describing his economic program as "viable, realistic, and responsible," the PRD candidate mentioned the sources from which the required investment would be financed: savings stemming from the elimination of squandered resources, waste, unnecessary bureaucracy, and chiefly from the war in the federal administration [as published], from which he expects to obtain 3.2 billion news pesos.

Similarly, the financing would come from utilizing the rest of the Contingency Fund resources that would make it possible to obtain 1.2 billion pesos and a careful handling of the debt, sources which he expects will generate 10.6 billion new pesos, equivalent to 1 percent of the GDP.

"The greater payment of interests would be compensated with taxes, as a result of a higher level of economic activity and, therefore, of tax collecting," he said.

Within his emergency plan, Cardenas Solorzano indicated that a new credit policy would be established and for this purpose, funds with preferential rates would be channeled to the micro, small, and medium businesses. He also proposed fiscal incentives for businesses, through actions that will lower the cost of production capital, such as accelerated depreciation formulas, lifting import controls on capital goods, and reducing tariffs on work, farm, and construction vehicles.

The third part of the plan, he added, entails launching an economic growth program with equality. It will include an industrial policy, a policy for rural areas, fiscal, political, and social policies, promotion of education, a policy for income distribution, and an ecological policy.

The meeting is being attended by businessmen from the country's southeastern states, who hope to hear the presidential candidates of the Institutional Revolutionary Party [PRI], the National Action Party [PAN], and the PRD explain their economic proposals to fight poverty and develop not only this region, but the entire country. Nevertheless, PRI candidate Ernesto Zedillo said he would not attend the meeting. The same situation holds true for Finance Secretary Pedro Aspe, who had been scheduled to participate the first day of the meeting. Cuauhtemoc Cardenas was the only one to present his economic plan. PAN candidate Diego Fernandez de Cevallos limited himself to presenting a number of diverse measures to economically stimulate this geographic area.

Speaking to the businessmen, Cardenas stressed that the basic premise of this program is economic democracy, in other words, "production areas goals, which are defined

on the basis of the interests of the majority of the underprivileged Mexicans and on economic decisions in which producers, workers, citizens, and government leaders are involved."

He proposed a change in the economic strategy, indicating that his plan "does not mean returning to the past, limiting the role of private enterprise, returning to the state enterprises that have already been sold, erecting barricades to foreign trade, or closing ourselves to foreign investments." It means, he added, making economic decisions democratically and placing at the top of all economic priorities, the struggle against neglect and injustice, the fight against poverty, and the eradication of ignorance.

In his economic program, outlined in more than 30 pages, Cardenas Solorzano highlighted its four basic tenets. First, he said the state must not replace private enterprise nor become the absolute director of the economy, "that is why all possible investment opportunities will be opened to private enterprise, but with the state supplementing these efforts in the areas where it is essential."

Second, he said there must be constant economic deregulation to remove the bureaucratic obstacles that hinder production activities, conditions of equality in market competition must be created, and monopolies must be fought.

His program stresses monetary and fiscal discipline in addition to waging an all-out war against corruption in the government, the business sector, unions, and other production and service sectors.

The last point of his program is to further promote Mexico's participation in the world economy while simultaneously seeking a diversification of markets through a realistic strategy of intensifying trade with select countries and regions.

Cuauhtemoc Cardenas also devoted some time to answering questions of businessmen attending the meeting. There was a total of 13 questions, and Cardenas did not have enough time to answer all of them.

Asked about fiscal policy with regard to the states, Cardenas indicated that state and municipal governments should be given more fiscal resources to improve their capacity to finance their numerous programs.

He stressed that states currently contribute 15 percent of all revenues while municipalities contribute 5 percent. "We plan to recommend before a national fiscal convention, which would be called for this purpose, that the municipalities triple their contributions and the states double theirs, thereby reducing the federal allotment from 80 percent to 55 percent," he noted.

Cardenas was criticized for his support for the reinstatement within constitutional Article 27 of the inalienable nature of ejidos and communal lands as a means to protect the patrimony of millions of peasants.

Answering a question on greater participation by the private sector in significant areas, Cardenas reiterated: "The oil industry and the generation of electricity should remain under state control, which should make them more efficient and fight corruption."

A rancher from the area voiced his concern over the invasion of lands by local residents, and he asked Cardenas for his position on land seizures. Cardenas stated that applying the full weight of the law constitutes the only means of protecting small landowners while ending backwardness in the countryside. This statement won him a round of applause.

The last questions focused on his political history. Cardenas said he had tried to democratize the party from within but decided to resign from the political organization when he saw this was an impossible task.

When the event ended, Bernardo Ardavia, president of the Southeastern Business Investment and Development Council, was asked to comment on the PRD presidential candidate's program. He asserted that many points in the program seem to be a return to the past, "especially when he talks of reforming Article 27. We have already seen that the previous legal arrangement did not bring development or investment to the rural areas in the past 60 years."

Cardenas' position, according to Ardavia, "prompts concern because it seems inconsistent. There were points that he did not answer clearly. There were also interesting aspects, such as the mechanisms proposed to protect small landowners. Well, I believe his proposal is an array of grays, and each matter has to be taken separately."

Roundup of Economic Developments

PA2806174794

[Editorial Report] The following is a compilation of reports on economic developments monitored through 28 June.

According to figures released by the National Institute of Statistics, Geography, and Information Sciences, INEGI, the number of persons working in the country's assembly plants rose 3.9 percent during the first quarter of this year compared to the same period last year. INEGI added that up to March of this year there were 2,085 assembly plants in the country, which represents an accumulated yearly increase of 1.7 percent compared to the same period last year. (Mexico City NOTIMEX in Spanish 2144 GMT 21 Jun 94)

Figures from the Finance and Public Secretariat indicate that during the first quarter of this year, Mexico's trade balance showed a deficit of $5.728 billion, which represents an increase of 22.5 percent with respect to the same period last year. During this same period, the country's

exports rose 15.8 percent, whereas its imports rose 17.4 percent. (Monterrey EL NORTE (Foreign Edition) in Spanish 21 Jun 94 p 22A)

Economic research conducted by the daily EL FINANCIERO, based on Bank of Mexico data, reveals that the country's international reserves reached a record level of 25.332 billion, or a 3.2 percent increase with respect to the balance accumulated until December 1993. The modest increase can be attributed to foreign investments, which rose over 10.6 percent during the first quarter of the year. (Mexico City EL FINANCIERO in Spanish 21 Jun 94 p 3A)

Speaking at the closing of the 26th National Meeting of Fiscal Officials, President Carlos Salinas de Gortari announced that all state governments will receive an additional allocation of 1.2 billion new pesos, thanks to an increase in tax revenues. He added that the money will be spent on social projects. (Mexico City NOTIMEX in Spanish 0402 GMT 22 Jun 94)

On 22 June, the Banque Nationale de Paris and the National Bank of Public Works and Services, Corp., Banobras, signed a loan agreement for 36.5 million francs, almost $6.5 million, with the interest rate set at 7.1 percent. Banobras will use the loan to finance the construction of new subway lines in the city of Monterrey, capital of the State of Nuevo Leon. (Mexico City NOTIMEX in Spanish 0808 GMT 22 Jun 94)

A little over $8 billion entered the country from January to May through the stock market, the National Stock Exchange reported on 21 June. It added that 56.6 percent of that total was obtained by placing debt bonds abroad. (Mexico City LA JORNADA in Spanish 22 Jun 94 p 40)

The Finance and Public Credit Secretariat, SHCP, reported that the Senate has approved treaties to prevent double taxation and tax evasion with Ecuador and Italy. It also approved agreements with Belgium and Switzerland to provide greater security and stability to investors from those countries. The SHCP said that an agreement between Mexico and Germany was promulgated on 10 June to prevent double taxation. (Mexico City EL FINANCIERO in Spanish 24 Jun 94 p 8)

According to economic research by EL FINANCIERO, based on information from the Commerce and Industrial Development Secretariat and the DIARIO OFICIAL DE LA FEDERACION, the Law on Economic Competition is being sidelined by the predominance of foreign investment in priority areas for the country's development. It is seen that foreign capital is increasing its presence in the domestic market by forming strategic alliances. This will promote the emergence of oligopolies that will limit the free participation of Mexican enterprises. Key partnerships are appearing in the commercial area with Gigante-Fleming; Gigante-Carrefou; Liverpool-K-Mart; Comercial Mexicana-Price Club; Comercial Mexicana-Toys'r'Us; and Cifra-WalMart. The incursion of firms with foreign capital is not limited to a single sector of the economy. They also include the food, textile, and tourism sectors. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 24 Jun 94 p 3a)

In the first quarter of 1994, Mexican Petroleum, Pemex, netted a $44.5 million surplus in its petrochemical products' trade balance. Pemex Petrochemical sold a total of 421,700 tons of petrochemical products. In the same period, it bought a total of $18.3 million worth of petrochemical products abroad. (Mexico City UNOMASUNO in Spanish 24 Jun 94 p 16)

Foreign investment in the first two months of the year was 143 percent higher than the amount registered in the same period in 1993. The National Processing Industry Association, Canacintra, indicated that 77.6 percent of that capital was directed toward the financial market. Foreign investment channeled to productive activity decreased 24.2 percent in the first two months of 1994 while in 1989, this activity received 85.8 percent of the investments. (Mexico City NOTIMEX in Spanish 0118 GMT 25 Jun 94)

Foreign investment during the current administration surpassed the goals set by the government at the beginning of the term. Commerce Under Secretary Fernando Sanchez said the 1988-94 goal was $25 billion but has reached more than $42 billion. He said there is currently confidence in Mexico because there are signs that industry is on the right course, as indicated by manufacturing sector exports which have exhibited "great dynamism." (Mexico City NOTIMEX in Spanish 0218 GMT 28 Jun 94)

Pemex increased its production of petroleum products 3.9 percent in the first four months of 1994, compared to the same period in 1993. It produced 1.6 million barrels a day for the domestic market. Of this amount, 498,400 barrels correspond to gasoline. (Madrid EFE in Spanish 0131 GMT 28 Jun 94)

Costa Rica

Government Not To Reestablish Ties With Cuba

PA2906044494 Hamburg DPA in Spanish 0003 GMT 28 Jun 94

[Text] San Jose, 27 Jun (DPA)—Costa Rican Foreign Minister Fernando Naranjo today said the Costa Rican Government will not reestablish diplomatic ties with Cuba as long as Fidel Castro's regime fails to promote changes leading to the island's democratic opening.

Nevertheless, Naranjo reiterated that Jose Maria Figueres' administration is still interested in encouraging a peaceful transition in the Caribbean nation.

In statements to the domestic media, the foreign minister noted that most of the countries on the continent want a "democratic Cuba" that can join the OAS, adding: "We believe that a solution to the Cuban crisis must be the product of exchanges and the participation of all parties interested in finding a solution to the problem."

Colombian Drug Suspect To Be Extradited to U.S.

PA2906003194 Panama City ACAN in Spanish 2034 GMT 28 Jun 94

[Text] San Jose, 28 Jun (ACAN-EFE)—The Costa Rican police today reported that a Colombian citizen, a top money laundering suspect sought by U.S. authorities, was arrested in Costa Rica as he arrived from Colombia.

The Judicial Investigations Agency (OIJ) reported that Juan Crisostomo Trujillo Martinez was arrested on 24 June after he arrived in Costa Rica aboard a flight from Santa Fe de Bogota. Trujillo's arrest took place after U.S. Customs alerted the OIJ to the pending arrival of the Colombian, whom the United States has linked to the "laundering" of large amounts of Cali Cartel money.

According to sources, Trujillo did not have contacts in Costa Rica. Rather, he arrived here after U.S. authorities set him up to travel to this Central American nation. The suspect, who remains in custody at a jail in San Jose, will be extradited to the United States within the next few days.

El Salvador

New Joint Venture Bank Established

PA2806164094

[Editorial Report] San Salvador LA PRENSA GRAFICA in Spanish on 23 June publishes on page 15 a report that Arnoldo Villafuerte has announced the establishment of a new bank, Unibank, of which he is president. He pointed out that Unibank will deal with international trade with a "corporate focus," adding that it is the product of a joint venture with the Hamilton Bank of Miami. Villafuerte said that this bank will have an initial capital base of 50 million colones. The bank president added that the alliance includes Venezuela, Panama, and Guatemala, as well as the United States.

Guatemala

De Leon Cited on Relocation of Settlers in Belize

PA2906034694 Guatemala City LA REPUBLICA in Spanish 25 Jun 94 p 3

[Text] President Ramiro de Leon Carpio yesterday acknowledged that there are Guatemalan settlers residing in Belizean territory; however, he explained that no pressure has ever been exerted on the peasants by Belize to get them to leave the area. Land is being sought to transfer them into those protected areas, he added. [sentence as published]

De Leon Carpio explained that his government's plan is to have the families living in the Chiquibul region leave the area, because it is a nature reserve. He added that studies are being conducted with the authorities of the National Institute of Agrarian Reform (INTA) to transfer these people to an area that meets their basic living requirements.

Nevertheless, he reiterated that Belizean troops are not driving these people out, as had previously been reported. He also said there is no final deadline for the withdrawal of the settlers.

"The government is taking all necessary measures for those peasants to settle in lands that will enable them to raise their crops. It is necessary for them to withdraw from Chiquibul, because this is a national park. But certainly, it is not because Belize is pressuring them to leave," De Leon Carpio noted.

In light of the situation, Foreign Ministry spokesman Antonio Monzon assured that the Guatemalans will be transferred in September to the Dolores municipality in Peten, located several kilometers from where they are currently settled. He explained that the trip will be sponsored by INTA, the Peten Land Committee, and the National Fund for Peace.

This issue caused several reactions last week when Carlos Asturias, former governor of the northern department of Peten, disclosed that Belizean troops had set a 25 June deadline for the settlers to withdraw from the area.

Asturias recently said the report had been received by a parish priest in the region, explaining that a group of soldiers who patrol the border area "are threatening them constantly."

Roundup of Economic Developments

PA2806160694

[Editorial Report] The following is a compilation of reports on Guatemalan economic developments monitored through 28 June.

The Guatemalan Energy and Mines Ministry reported on 21 June that crude oil production increased 13.2 percent during the first two months of 1994. During that same period, imports of petroleum and petroleum byproducts increased 51 percent. (Mexico City NOTIMEX in Spanish 0031 GMT 22 Jun 94)

Official sources confirmed on 22 June that the World Bank has granted Guatemala a loan for $7 million to be invested in a low-income housing project in El Mezquital. (Panama City ACAN in Spanish 1601 GMT 22 Jun 94)

Economy Minister Eduardo Gonzalez has announced that private sugar producers in Guatemala and Mexico are seeking a formula to permit the entry of Guatemalan sugar into the Mexican market. Mexico recently implemented restrictions on the import of sugar from Guatemala to protect Mexican producers. (Guatemala City PRENSA LIBRE in Spanish 22 Jun 94 p 79)

Bank of Guatemala President Willy Zapata said on 22 June that macroeconomic indicators for the past few days have been adequate, particularly the inflation rate. Inflation in March was 14.14 percent, 13.91 percent in April, and is currently 12.36 percent. He added that should this trend continue, the goal established for 1994, which is 12 percent, will be achieved. (Guatemala City SIGLO VEINTIUNO in Spanish 23 Jun 94 p 6)

Honduras

Reina Cited on 'Misunderstanding' With Perry

PA2806184994 San Pedro Sula TIEMPO in Spanish 28 Jun 94 p 7

[By Maria Edith Diaz]

[Text] Tegucigalpa—President Carlos Roberto Reina yesterday evaded giving a direct answer to a question on whether talks have begun on the possible transfer of "gringo" troops in Panama to Honduras, as was hinted by U.S. Defense Secretary William Perry. "To open a discussion on the operation of that base in Honduras, a forum [foro] is needed because Palmerola is under Honduran jurisdiction. It is based on an agreement that never went to (the National) Congress, that is why it must be rectified," he said.

According to Reina, the agreement was not sent to Congress because at that time world tensions were very great, but now that there is a time of peace, international cooperation must be used to defend the national interests and to defend the country from such scourges as drug trafficking in the world.

The president affirmed that during U.S. Defense Secretary William Perry's recent visit to Honduras, the most important topic discussed was the role the country will have at the regional level in the fight against drug trafficking, an area of action in which the nation is at the forefront and serves as an example.

He denied the action means a greater presence of foreign troops in the country. He said there will be more dialogue, adding that on other occasions, Cubans have come to the country even though Honduras does not have diplomatic relations with their country and no one complained, as it is being planned now with the possible arrival of the Southern Command Marines [as published].

"I think drug traffickers have been gradually increasing their presence in Honduras. This is a very grave and serious problem. All countries need help and the Central American isthmus, with an important geopolitical position, needs a lot of aid in this regard," Reina added.

Reina attributed to "a misunderstanding" the fact that the statements by Foreign Minister Ernesto Paz Aguilar and William Perry did not coincide on the issue of the transfer of troops from Panama to Honduras. While Perry said this possibility is being considered, Paz Aguilar said this issue "was not addressed" in the recent meeting they held in Palmerola.

Asked whether Honduras would support an invasion of Haiti, a topic which it was speculated he discussed with Perry, Reina said "I will never express support for an invasion of any Latin American country, take my word." He said he would not support the measure, even if the United Nations decided on it, because he does not agree with the invasion of countries.

Army Chief Admits Discussion of U.S. Air Units

PA2806192394 Tegucigalpa LA TRIBUNA in Spanish 28 Jun 94 p 12

[Text] General Luis Alonso Discua Elvir, chief of the Armed Forces, admitted yesterday that U.S. Secretary of Defense William Perry hinted at the deployment of U.S. troops from Panama to support Honduras' drug interdiction efforts. The officer then immediately pointed out that it would not be the first time such deployments have been carried out. "I have nothing against the democratic spirit, but at the meeting only generalities concerning cooperation and support were discussed."

The U.S. Government plan envisions deploying U.S. Air Force units stationed in Panama to Honduras to support the country's efforts against drug trafficking. Honduran civilian authorities were informed of this on 25 June at the Enrique Soto Cano Base in Palmerola, Comayagua.

Discua Elvir avoided commenting on the conflict that took place between Defense Secretary Perry and Honduran Foreign Minister Ernesto Paz Aguilar, arguing that "President Carlos Roberto Reina is the one who

establishes guidelines, courses of action, and foreign policy for the Armed Forces." "They (the Americans) are trying to implement preventive measures and operate in areas where drug trafficking takes place, locating sea, air, and land routes," Discua reiterated in reference to the drug issue. He added that this would make it possible to exchange community projects, resolve the housing problem, and deal with individual security. Discua explained that the expense of handling aerial equipment for this operation would be paid by the United States.

Discua also spoke about the groups that are trying to divide the civilian population from the military. He said they are known because "we are a small country." He said, however, that the Armed Forces are trying to rediscover the path to convergence from which Honduras strayed because of imposed missions or because of a poor concept of national security.

Gen. Discua Elvir yesterday spoke extensively about various issues—including changes within the military—admitting that the eighth graduating class is taking over the leadership that the sixth class, of which he is a member, is about to leave.

Nevertheless, his demeanor and tone changed when he was asked about the alleged anonymous threats reported by the Committee of Relatives of Missing Detainees in Honduras (COFADEH), which has directly blamed him. "It bothers me. Yes, it bothers me to discuss that because I do not know who is carrying out such pranks or campaigns that prevent people from working," he said. Discua Elvir said that a certain person who wants to create confusion is behind this situation. "The Armed Forces are not involved in that. Please, I believe that will be enough! he concluded. [quotation marks as published]

Roundup of Economic Developments

PA2806150394

[Editorial Report] The following is a compilation of reports on Honduran economic developments monitored through 28 June.

Authorities of the Central Bank of Honduras, BCH, decided yesterday to hold daily dollar auctions beginning 23 June. Bank spokesman Juan Soto said the auction will operate much like a stock market. (San Pedro Sula EL TIEMPO in Spanish 22 June 94 p 2)

An official source reported today the BCH sold $2.9 million during its first U.S. currency auction. The post-auction exchange rate was 8.67 lempiras per dollar. These auctions are among the measures recently adopted by Honduran banking authorities to stop the increasing devaluation of the local currency. Local bank figures indicate the lempira suffered a devaluation of at least 13 percent during the first five months of 1994. (Panama City ACAN in Spanish 1800 GMT 24 June 94)

Nicaragua

Ex-Recontras Enter Colombian Embassy, Demand Asylum

PA2806192294 Paris AFP in Spanish 1807 GMT 28 Jun 94

[Text] Managua, 28 Jun (AFP)—Seven former Nicaraguan recontras (rearmed contras) entered the Colombian Embassy in this capital today to demand political asylum, Government Ministry sources reported.

Another group of 15 former recontras of the so-called 3-80 Northern Front, an armed group which demobilized in April, occupied the offices of the OAS International Commission of Support and Verification (CIAV-OAS) in a simultaneous act this morning, demanding government compliance with the disarmament agreements, official sources confirmed.

Although the former rebels inside the Colombian Embassy have not publicized the reasons for demanding asylum, local sources believe both actions seek the same objective: to exert pressure demanding compliance with the agreements in which the government offered them protection, land, and the participation of a former guerrilla sector in the police, among other things.

Colombian Ambassador Held Hostage

PA2806220494 Paris AFP in Spanish 2037 GMT 28 Jun 94

[Text] Managua, 28 Jun (AFP)—Recontras (rearmed contras) are holding hostage Colombian Ambassador to Nicaragua Mario Camacho and the rest of the Colombian Embassy staff in Managua, a woman inside the mission has stated.

"Everything is fine, but nobody can leave," the woman told AFP in a telephone conversation. The woman identified herself as an embassy official, but she refused to reveal her identity, and she appeared to be nervous.

The embassy was occupied "peacefully" on Tuesday morning by a group of Nicaraguan recontras who were not armed, the woman said. She did not specify how many people are being held inside the diplomatic mission.

Nobody answers the telephone in the embassy, and there has not been any information on what is happening inside.

The Nicaraguan Foreign Ministry has not made a statement on the incident. Police sources had reported earlier that the recontras had entered the embassy to request political asylum and not to necessarily occupy the embassy. The police sources noted, however, that they were unaware of other demands by the recontras.

In a simultaneous action, another group of former contras occupied the offices of the International Commission of Support and Verification of the OAS, which is located in Managua.

Government Ministry Announces Occupations

PA2806221194 Panama City ACAN in Spanish 2024 GMT 28 Jun 94

[Text] Managua, 27 Jun (ACAN-EFE)—A group of 23 former Nicaraguan "contras" today sparked a new crisis for the government of Violeta Chamorro, after a group led by a disabled former contra occupied the headquarters of the International Commission of Support and Verification of the OAS [CIAV-OAS] and another group sought asylum in the Colombian Embassy.

The 15 former Nicaraguan "contras" occupying the CIAV-OAS are led by Leonardo Zeledon, a paraplegic known by the alias of "Comandante Chispero," a spokesperson for the Government Ministry announced today. The CIAV-OAS headquarters, which was occupied by the former "contras," is near the Government Ministry building. The CIAV personnel, whose number was not disclosed, continue to be held there this afternoon. CIAV Coordinator Sergio Caramagna, who entered the building to speak to the occupiers, is inside the building.

For their part, another group of seven former "contras" peacefully entered the Colombian Embassy in this capital to request political asylum because they fear for their lives. The group that sought refuge in the Colombian Embassy is led by Luis Arguello Montiel, alias "002," the Government Ministry source stated.

Neither the group that occupied the CIAV headquarters nor the group that sought refuge in the Colombian Embassy have explained their demands or why they fear for their lives. "Comandante Chispero," at the insistence of newsmen, said that it will not be until tomorrow, Wednesday, that they will publicly state their demands to the Chamorro government.

Managua Archbishop Miguel Obando y Bravo told the media that if the conflicting sides accept he would be willing to serve as mediator to resolve the crisis.

At the beginning of June, a group of 23 disarmed former Sandinist soldiers occupied for several hours the Venezuelan Embassy in this capital, to demand from the Violeta Chamorro government an indemnity payment for years of service to the Government Ministry. Practically simultaneously, another group of retired Sandinist military on 7 June occupied the Managua Cathedral for the third time since the church was dedicated in September to reinforce their struggle for indemnity payments.

Both episodes of violence in Nicaragua concluded after Vilma Nunez, director of the Nicaraguan Human Rights Center and Monsignor Eddy Montenegro, Vicar general of the Managua Archdiocese, served as mediators.

Several weeks ago former Sandinist soldiers occupied the Italian Embassy in Managua and the OAS building, to draw the government's attention to their claims.

Recontras Urged To Leave

PA2906040794 Panama City ACAN in Spanish 0119 GMT 29 Jun 94

[Text] Managua, 28 Jun (ACAN-EFE)—The Nicaraguan Government has appealed to six former Nicaraguan "contras" who today peacefully occupied the Colombian Embassy in Managua, urging them to leave the building and "make use of legal procedures to demand" their claims.

A group of former "contras" led by Luis Arguello, alias "002," entered the diplomatic mission at 0945 (1545 GMT) and immediately requested political asylum because they fear for their lives.

Nicaraguan Foreign Minister Ernesto Leal, through a press release, said that in this country "there is no need for political asylum," adding that this incident displays a misguided position (on the part of the former "contras").

Leal stressed: "During Violeta Chamorro's government, in our country there are no, nor will there ever be, politically persecuted individuals." In addition, the head of Nicaraguan diplomacy said the occupants of the Colombian Embassy "can perfectly well leave" the site and make use of all media and every legal means to present their demands.

It was reported today from Colombia that the Foreign Ministry of that South American nation is studying the political asylum request by the six former "contras" who are inside their embassy in Managua.

With regard to the occupation of the headquarters of the International Commission of Support and Verification of the OAS (CIAV-OAS) by 17 former "contras," who also claim they fear for their lives, the Chamorro government still has not made any official statements.

The Colombian Embassy and the CIAV-OAS headquarters are each guarded by two patrol cars and five police officers.

At the CIAV-OAS headquarters, located near the Government Ministry Building, an unspecified number of CIAV-OAS personnel continue to be detained by former Nicaraguan resistance members who in the 1980's combated the Sandinist regime.

According to a Government Ministry official, talks are continuing with leaders of the groups occupying the buildings to find a negotiated solution to this new problem in Nicaragua.

In recent months, former "contras" and former Sandinist soldiers have engaged in a number of occupations and protests to demand the government's compliance with agreements on their reinsertion into civilian life. Venezuelan, Italian, and United Nations diplomatic

facilities, as well as the Managua and Esteli cathedrals, have been occupied on previous occasions by these groups as part of their attempts to call the government's attention to their demands.

Roundup of Economic Developments

PA2806144194

[Editorial Report] The following is a compilation of reports on Nicaraguan economic developments monitored through 28 June.

Presidency Minister Antonio Lacayo on 21 June reported that the government, during a meeting with the World Bank Consultative Group in Paris, obtained a package of $750 million for programs that will be implemented in the next three years, and not just in 1994 as was initially reported. He added that Nicaragua requested another $180 million but the Consultative Group will discuss the request at upcoming meetings. (Managua BARRICADA in Spanish 22 Jun 94 p 5)

Central Bank President Jose Evenor Taboada announced on 27 June that the World Bank the previous week granted a $60 million credit to support the economic recovery program. He confirmed that the IMF on 25 June approved a $173 million loan to help the country ease the effects of the structural adjustment program that the Chamorro administration has implemented since March 1992. Taboada added that World Bank, IMF, and international community assistance will help the country to stabilize its economy. (Panama City ACAN in Spanish 0052 GMT 28 Jun 94)

Panama

Authorities Seize 3,000 Pounds of Pure Cocaine

PA2806211394 Panama City LA PRENSA in Spanish 27 Jun 94 p 2A

[Report by Javier Gabarrete]

[Text] Chiriqui Grande (Bocas del Toro)—Early yesterday, officials of the Bocas del Toro Province Circuit Court, National Police units, and agents of the Police Investigation and Information Department (DIIP) seized about 3,000 pounds of pure cocaine.

The drugs were found at a residence under construction in Patillo, Chiquiri Grande District.

The drug seizure was made after officials of the Public Prosecutor's Office in Cocle Province alerted Bocas del Toro Province authorities on the possible existence of a drug depot in that district.

Agents of the Judicial Technical Police (PTJ), during field testing conducted at Bocas del Toro, confirmed that 63 boxes containing pure cocaine were found during the seizure carried out by the Bocas del Toro Circuit Court and the Drug Secretariat.

A police report revealed that the raided residence belongs to Juan Bautista Gomez, who was arrested on 24 June in Cocle Province, while transporting 136 boxes containing 2,156 kg of pure cocaine valued at about $50 million on the international market.

The drug seized in Bocas del Toro was packaged in small brown wrappers for distribution on the black market.

The authorities also arrested two Panamanians who were guarding the drug. Seven others were arrested later.

Endara Appoints New Education Minister

PA2806172394 Panama City Circuito RPC Television in Spanish 2300 GMT 27 Jun 94

[From the "RPC Television News" newscast]

[Text] The Presidency Information and Public Relations Office of the Republic has released a communique announcing that by executive decree signed by President Guillermo Endara Galimany, educator German Vergara has been appointed education minister. Professor Vergara has been appointed due to the retirement of current Education Minister Marcos Alarcon, effective 1 July. The communique adds Professor Vergara is the current Health Ministry secretary general.

The executive decree will become effective on 1 July. RPC tried to obtain reactions from Education Minister Alarcon as well as from Professor Vergara, but both declined to comment. The two men are members of the Arnulfist Party.

Meanwhile, teachers union leaders have expressed hope the new appointment will foster a better understanding between teachers and the Education Ministry. Efrain de Leon, of the Association of Independent Teachers, has commented on the issue:

[Begin de Leon recording] He represents the executive branch; therefore, he represents a political party and will function with political guidelines. We also know that working against him is his term of almost two months. We hope he will try during this period to correct the many mistakes Alarcon has made and reach an agreement, for the first time during this period of democracy, between the Education Ministry and the teachers unions. [end recording]

Roundup of Economic Developments

PA2806200994

[Editorial report] The following is a compilation of reports on Panamanian economic developments monitored through 28 June.

Delia Cardenas, planning and economic policy minister, said yesterday the Venezuelan Government has sent a letter to Panamanian authorities asking for the resumption of negotiations to pay Panama's oil debt with that country. Cardenas said that Panama has made several

proposals to the Venezuelan Government to pay its debt, which is approximately $131 million, but that they have been rejected. (Panama City EL PANAMA AMERICA in Spanish 22 June 94 p 1)

According to a report by the Comptroller General's Office, Panamanian exports increased by 34.17 percent during the first quarter of 1994 compared to the same period in 1993. Official statistics have also revealed bananas, with 38.51 percent, and shrimp with 8.51 percent, remain Panama's leading exports. (Mexico City NOTIMEX in Spanish 2058 GMT 23 June 94)

President Guillermo Endara announced today the government will implement a policy of "restraint on public spending" in light of an imminent $270 million budget cut following a decision by the International Financial Institutions to withhold disbursements to Panama. (Panama City LA PRENSA in Spanish 24 June 94 p 2 A)

Argentina

CNEA Head Denies Construction of Nuclear Plant

PY2806200594 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1250 GMT 28 Jun 94

[Text] Cordoba, 28 Jun (NA)—Manuel Mondino, the National Commission for Atomic Energy [CNEA] chairman, has denied that the construction of a new nuclear power plant in Cordoba is being reconsidered and holds journalists responsible for disseminating inaccurate reports on this issue.

The CNEA chairman categorically stressed that "no decision has been made." He added that "a decision may be made by the end of the year, if it is made at all."

Mondino was very angry with journalists. He stressed that neither "the National Government, the CNEA, nor anyone else has ever discussed the construction of a second nuclear power plant."

Mondino described as "nonsense" reports released during President Carlos Menem's visit to Canada, where Menem addressed the issue.

Chilean Under Secretary on Mercosur, NAFTA

PY2806231594 Madrid EFE in Spanish 2350 GMT 23 Jun 94

[Text] Buenos Aires, 23 Jun (EFE)—Chilean Foreign Ministry Under Secretary Jose Miguel Insulza stated on 23 June that Chile favors greater economic integration with Latin America, and particularly with the Common Market of the South (Mercosur).

During an interview with the TELAM news agency, the Chilean official also made it clear that Chile is not seeking to join NAFTA, an objective he considered "very difficult to achieve."

Insulza, who is making a two-day official visit to Argentina, drew a distinction between integration and free trade.

He stated that "integration is a much more complex concept; it entails trade, investments, strategic alliances between companies. We have assumed a commitment along these lines with our neighbors, and especially with Mercosur member countries."

"With the United States, by contrast, we are seeking to sign a trade agreement that will secure us markets in that country, but we are not interested in furthering an integration process with NAFTA or with North American countries because it would be very difficult for us from a geographic standpoint."

Insulza is participating in the quarterly follow-up meetings to the economic complementation agreements signed between Argentina and Chile in 1991.

"We want to sign a free trade agreement with the United States, but this is within the sphere of trade and investment," he noted.

The official said his country intends to sign free trade agreements "with countries in the farthest corners of the world, and not only the United States. If tomorrow the EC or Japan, one of our most important export markets, offer us an agreement, we will sign it enthusiastically."

Chile has recently proposed a limited integration with Mercosur [Common Market of the South] member countries (Argentina, Brazil, Paraguay, and Uruguay), a regional project that will have its debut as a common market on 1 January 1995.

That scheme was defined as "four plus one" by Chilean Foreign Minister Carlos Figueroa Serrano. Chile is reluctant to join the initiative as a full member due to the different customs tariffs in effect.

Insulza said: "There are two aspects or obstacles that appear today to be insurmountable."

On the one hand we have "the tariff structure that is expected to enter into effect as of 1995, which is not compatible with Chile's tariff system. The other obstacle is related to a Mercosur principle to negotiate with others as a bloc, while Chile prefers to do its own business," Insulza concluded.

Bolivia

Sanchez Clarifies Comments on Sea Outlet

PY2906004794 Cochabamba LOS TIEMPOS in Spanish 23 Jun 94 p 1

[Text] La Paz, 22 Jun (LOS TIEMPOS)—The metaphor about the "milk and the cow" was thoroughly explained today by President Gonzalo Sanchez de Lozada, when he said that even if Bolivia gets a sovereign sea outlet—it wants to take concrete steps on the sea issue with Chile—it must also get several outlets on both the Pacific and Atlantic, with the full use of the port of Ilo in Peru as well as the Paraguay-Parana waterway and other ports in Argentina and Uruguay.

"Even though the sea outlet claim is a valid issue, though problematic and difficult, we want to make progress in all fields—cultural, political, and economic—in all fields related to our great effort to have a sea outlet on the Pacific and outlets through the waterway," said President Sanchez at a news conference held today to talk about the positive aspects of his tour of the United States and Colombia.

The controversial statement made by President Sanchez de Lozada after meeting with Chilean President Eduardo Frei prompted a wave of protests for an allegedly antipatriotic policy on the sea outlet issue.

This policy was denied today by President Sanchez de Lozada, who said that the talk with President Frei was

from any point of view very positive, because the sea outlet issue will be debated during the Rio Group summit next September.

"We want to see concrete things, concrete steps to improve the Bolivian situation," said Sanchez de Lozada, who pointed out the work being carried out by Peruvian President Alberto Fujimori, whom, he said, was carrying out "concrete" work allowing greater binational contacts, one proof of which is the highway linking the port of Ilo with the Bolivian border.

The explanation given by President Sanchez de Lozada on the metaphor he used after meeting with President Frei was mainly related to the fact that Bolivia has to use other "outlets" to the Pacific and Atlantic, and these would be the port of Ilo in Peru and the Paraguay-Parana waterway, because Bolivia is entering a stage of economic and productive expansion for which it is necessary to seek ports for exports.

Sanchez de Lozada said: "Even if Bolivia gets a sovereign sea outlet—and this is our great goal and struggle, which will not change in this government or in any other—we must also find other ports that will not be Bolivian, but Chilean, Peruvian, and on the waterway of the River Plate Basin. In its projection abroad Bolivia must show that by negotiating with our neighbors we can get benefits without having direct ownership of those ports and their installations."

In this regard, President Sanchez de Lozada said there is a feeling of solidarity in the neighboring countries (Peru, Argentina, Paraguay, and Uruguay) which makes him believe that Chile will also enter a new stage of relations for mutual benefit.

Therefore, said Sanchez de Lozada, it is hoped that for the September meeting the Bolivian and Chilean Foreign Ministries will prepare a work agenda that will consider the issues dividing the two countries under a new spirit of friendly relations.

Brazil

Amorim Meets Vietnamese Official, Announces Accord

PY2806201294 Sao Paulo GAZETA MERCANTIL in Portuguese 27 Jun 94 p 3

[By Maria Helena Tachinardi in Brasilia]

[Text] Upon meeting with Vietnamese Deputy Prime Minister Phan Van Khai on 24 June, Brazilian Foreign Celso Amorim announced that Brazil and Vietnam will sign a framework trade, economic, scientific, and technological cooperation agreement by the end of 1994.

The Brazilian Government is also requesting that Vietnam agree to the appointment of Italo Zappa as the Brazilian ambassador to Hanoi. President Franco has already authorized the opening of an embassy in Vietnam.

Since late last year, Vietnam has expressed interest in expanding its relations with Brazil. Vietnam sent Deputy Foreign Minister Le Mai first, and then Van Khai. In return, Itamaraty sent a trade delegation to Hanoi in April.

On 23 June, Khai visited Sao Paulo to hold talks with representatives of Maxion [agricultural machinery manufacturer], the CBPO [Companhia Brasileira de Projetos Obras] construction firm, the Odebrecht construction group, the Brazilian Agribusiness Association (ABAG), Ericsson [manufacturer of telecommunications and lighting equipment], Braspetro [Petrobras International Inc.], Baldan, and Marchezan [manufacturers of agricultural equipment]. Vietnam is interested in purchasing agricultural machinery, including harvesters.

Representatives of leading Brazilian construction companies attended a luncheon hosted at Itamaraty for Phan Van Khai. The Vietnamese market is potentially significant for Brazilian firms that are already established in Southeast Asia. The "chairman" of the Chinese company that is building the Three Gorges hydroelectric plant, the largest in the world, will arrive in Brazil on 4 July. Brazilian construction firms could form a consortium to participate in the Chinese project.

President Orders Minimum Wage Increase for 1 Sep

PY2806201594 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 28 Jun 94

[Report by Luiz Augusto Mendonca in Brasilia]

[Text] The minimum wage will be $70 on 1 September. President Itamar Franco made this decision following a meeting with the finance, labor, and social security ministers, and the federal administration secretary.

Labor Minister Marcelo Pimentel later said that by the end of October the government will send Congress a draft bill outlining a new minimum wage policy. President Itamar said military and public servants will receive a salary adjustment soon after the implementation of the real. The president said the date for the wage increase has yet to be established, but it will be implemented even if he has to fight with his economic ministers.

Ricupero: Minimum Wage Hike Not To Affect Plan

PY2806202194 Sao Paulo AGENCIA ESTADO in Portuguese 1230 GMT 28 Jun 94

[Text] Sao Paulo, 28 Jun (AE)—This morning on Radio Nova Eldorado AM, Finance Minister Rubens Ricupero said that the minimum salary hike from $64 to $70 per month will not provoke a budget imbalance. Ricupero

said Social Action Minister Sergio Cutolo participated in drafting the proposal and that the additional cost will not affect the Treasury.

Ricupero said the increase will be covered by rethinking some benefits, by eliminating the payment of irregular benefits, and by fighting fraud. He reaffirmed that the economic team will continue to balance public accounts because the stabilization plan is based on fiscal adjustment.

Ricupero advocates the use of regional minimum salaries. He said this will help solve the problem facing poor municipal districts that are unable to pay high minimum salaries. Ricupero thus answered a question about the effects on state and municipal governments of increasing the minimum salary to $70. He reiterated that the main stumbling block for increasing the minimum salary is the public sector because most private companies are already paying more than the established minimum.

Ricupero said the stabilization plan seeks to lay the groundwork for "reasonable" interest rates following the implementation of the real. He said, however, that if there is speculation on commodities and prices during the transition period, a "firm" control on the issuance of new currency will be used to provoke a shortage of cash. Ricupero added that interest rates would therefore rise and force those who speculate with their products to sell them to obtain cash. He added that care will be taken to ensure interest rates do not become excessive. Ricupero said the fear expressed by businessmen about high interest rates is unjustified. He sees a contradiction in their claims about high interest rates. In his opinion, some businessmen "would like to stockpile their products, but they will be unable to do this if interest rates are high."

Regarding the impact the recent frost will have on food prices, Ricupero said the government is prepared to use its buffer stocks, if necessary, to avoid excessive price increases.

Government Tightens Control Over State Enterprises

PY2806210794 Sao Paulo AGENCIA ESTADO in Portuguese 2234 GMT 27 Jun 94

[Article by Beatriz Abreu and Sandra Sato]

[Text] Brasilia, 27 Jun (AE)—State-owned companies may not grant real salary increases (above the inflation rate) or salary advances during the "critical stage" of the implementation of the new economic program. They will also have to limit their investments to the revised ceiling of $7.6 billion established in this year's budget. Finance Minister Rubens Ricupero and Planning Minister Beni Veras today officially conveyed this decision to the officials of major state-owned companies—Petrobras [Brazilian Petroleum Corporation], Eletrobras [Brazilian Electric Power Company, Inc.], Telebras [Brazilian Telecommunications, Inc.], and the Rio Doce Valley Company (CVRD). The two ministers have thus defined the scope of action of these companies to prevent them from jeopardizing the implementation of the real. Ricupero said: "While state-owned companies are usually regarded as the adversary, we would like them to have an active participation in implementing the new plan."

Ricupero and Veras installed the Interministerial Board, a body that will be charged with monitoring the expenditures of state-owned companies. The board, which will be of a temporary nature, will convene once a week to monitor spending by state-owned companies. Today Veras presided over the first meeting, at which he emphasized the need for state-owned companies to control their expenditures so as not to hurt the implementation of the economic plan. The most controversial topic was the government's reaffirmation that President Itamar Franco will veto any attempt at changing the investment ceiling established in the budget.

Raul Jungmann, executive secretary of the Planning Ministry, said: "If a state-owned company obtains a budget amendment to increase its investments, the government will veto it." None of the company officials uttered any complaint at the meeting. Telebras President Adyr Silva avoided a direct criticism of the government's restriction, but noted that he will have to spend $2.5 billion just to fulfill President Franco's request to expand private and public telephone lines. This amount alone almost absorbs the total of $2.9 billion allocated for Telebras this year.

The government is also concerned about negotiating with CVRD the need to control its budget spending and the salaries of its workers. The CVRD signed a management agreement with the government whereby it has autonomy over its administration. Speaking after the meeting, Jungmann said: "I am absolutely convinced that the CVRD, as well as the other state-owned companies, will comply with the revised budget allocations for 1994." The Special Secretariat for State Enterprises [Sest] estimates that this year, CVRD will spend a maximum of $225 million; Petrobras, $2.1 billion; Telebras, $2.9 billion; Eletrobras, $1.4 billion; ports, $187 million; Itaipu, $82 million; and other companies, $213 million.

The installation of the board opens a new stage in the control of state-owned companies. A provisional measure reorganizing Sest and transforming the Committee for the Control of State Enterprises [CCE] into a council linked to Sest was published today in the DIARIO OFICIAL. The old CCE no longer exists, and Ledir de Paula Reis, former chief of the International Reserves Operations Department, has been appointed to head Sest.

As a result of the structural changes introduced to Sest and CCE, the government has gained more power to control state-owned companies. Jungmann notes that the former structure was based on presidential decrees, while the current structure is based on a law. Sest will now perform the role of the Department for Coordination of State Enterprises. The former CCE, which in the past was not linked to any organization, has now been placed

under the basic structure of the Planning Secretariat. The CCE will consist of the finance and planning ministers, the Sest secretary, and the secretary for economic policy of the Finance Ministry. The two executive secretaries will no longer serve on the CCE.

Candidate Cardoso's Economic Advisors Interviewed

PY2906003494 Buenos Aires CLARIN in Spanish 26 Jun 94 p 22

[Interview with the brothers Jose Roberto and Luiz Carlos Mendonca de Barros, economic advisers to presidential candidate Fernando Henrique Cardoso, by Ismael Bermudez in Sao Paulo, Brazil; date not given]

[Text] [CLARIN] Does the Real Plan have real possibilities?

[Answer] Yes. The country's external situation is stable. We signed the Brady Plan. The trade surplus stands at around $11 billion a year. The national reserves are close to $40 billion. The budget is also balanced...

[CLARIN] Are you not afraid of an overvalued currency with positive real interest rates and additional costs on production and consumers?

[Answer] The plan has two parts. The first stage ends at the end of the year. It attempts to assist the transition period until the new government takes over, independently of who wins the election. Unlike the Argentine plan, we are not committed to maintaining a fixed foreign exchange rate. Besides, in the past few years, productivity has grown 35 percent in Brazil. There is a lot of "cream" to compensate for any overvaluation of the real.

[CLARIN] What July inflation rate are you working with?

[Answer] Our July inflation rate should stand at around 3.5 to 4 percent.

[CLARIN] Will you "burn" reserves to keep the foreign exchange at a fixed rate during the first months?

[Answer] Yes. And that is good because it will reduce the need to issue money.

[CLARIN] How will the plan fare if Lula [Luiz Inacio Lula da Silva] wins? Will we witness a drain of capital?

[Answer] If he does not win in the first round we will have a "runoff." Fernando Henrique Cardoso has a chance. In any case, both sides show—not in campaign speeches but at the level of the teams and the two candidates—that there is great concern about preventing splits to be able to allow a future coalition government. This, we insist, can be seen in both camps. Cardoso has already said he is not an anti-Lula candidate. He will not say that chaos will prevail if Lula wins. This improves Lula's chances because he is not presented as a threat ["cuco"]. Cardoso's line is: "I have an economic plan to defeat inflation. Lula does not."

[CLARIN] Will Cardoso form a coalition government with the PT [Workers Party] if he wins?

[Answer] Yes. He will try to form a coalition, at least with sections of the PT. That is, with the center-right wing, which includes Lula.

[CLARIN] There has been a price explosion in the past few days.

[Answer] In July, with the real, we will have price stability and consumers will be able to know the true prices of products.

[CLARIN] Do you not think that the dollar price will increase due to foreign exchange demand and a positive real interest rate?

[Answer] The prices of staples might drop.

[CLARIN] Then why do supermarkets say they will mark prices up in July?

[Answer] Prices will continue to be free. We might have adjustments due to seasonal reasons. But look out, consumers will be watching, and with the real those who increase prices will not be selling.

[CLARIN] Is the real plan designed to increase the electoral possibilities of candidate Fernando Henrique Cardoso?

[Answer] No. The plan was delayed by Congress. The plan had to be implemented last year, but Congress delayed its approval. Now everything will depend on the next government. Fernando Henrique Cardoso decided to run this year because other center-left candidates dropped out of the race.

[CLARIN] Cardoso made an alliance with the right and is proposing a conservative-liberal policy. Can he really be considered a center-left candidate?

[Answer] Yes. He is a center-left candidate, like Felipe Gonzalez. Of course, of the modern center-right. If Cardoso wins, there will be a program to reform the social security system and the tax system. Tax collection responsibilities will be transferred to states and municipalities.

[CLARIN] Do you not think that many entrepreneurs are supporting Lula?

[Answer] Yes, those who are afraid of an economic opening. But Cardoso will not implement an indiscriminate opening policy. Jose Serra, the possible economy minister if Cardoso wins, supports the idea of an important state role promoting economic development. He does not believe that the market is a remedy for everything.

Editorial Examines U.S. Trade Ties, Challenges

PY2906035494 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Jun 94 p A3

[Editorial from the "Notes and Information" page: "The Two Great Challenges"]

[Text] The fact that the U.S. Department of Commerce has included Brazil and Argentina among the 10 "large emerging markets" is an indication of the importance the Bill Clinton administration gives South America. This selection is due, to a good extent, to the potentials of the internal markets of countries participating in free trade areas, such as Brazil and Argentina. It is also due to the fact that these countries have a sufficiently developed infrastructure to permit the existence of powerful economies, but are not developed enough to take full advantage of all their market potential, that is, the potential of their population and territory. The recognition of Brazil's potential derives also, as was recognized by Commerce Secretary Ronald Brown during a recent interview (he visited Rio de Janeiro and Sao Paulo, and is today in Brasilia), from the fact that South America is in condition to become, within a short time, a more attractive market for the United States than Europe, particularly as it is open in terms of competition.

The U.S. Government's selection of Brazil and Argentina is not the kind of decision that is written on a piece of paper and delivered to whomever might be interested. If there had been a time for that kind of U.S. Latin American policy, it has now become obsolete. U.S. internal problems, particularly the creation of jobs—as was stressed by Brown during his interview in Rio de Janeiro yesterday—have become part of the U.S. foreign policy agenda (no matter how commercial they may be). In order to solve this problem, the Clinton administration has not hesitated to play all the trumps at hand, even at the risk of implementing an overly aggressive foreign policy. The Brown mission, carrying both private and public interests in the same bag, is visiting a country that has so far been characterized by the strong predominance of the public sector's bureaucratic mentality over business interests. For this reason, he risks getting involved in a conversation between deaf people, or of being coldly received, despite the zeal with which he champions his viewpoints. We should not forget, however, that these viewpoints are those of a great power.

The U.S. secretary of commerce is pursuing two important objectives in Brazil and Argentina. One objective is commercial and the other is political. The latter contains a great challenge for Brazilian authorities, both for the members of this administration, witnessing a sad end, and for those who will become the Brazilian authorities in the upcoming administration. The challenge implies an acceptance of the classification of "large emerging market," and acting in accord with the norms the United States want to apply to countries with less power than itself. It will mean sealing an economic alliance with deep internal social and economic consequences and speeding up the great transformation of our industries and services, a process that has been going on since our foreign trade began opening up. It also means agreeing on the need for deep constitutional reform, including not only the possibility of privatizing the communications and energy systems, but also withdrawing the privileges granted to Brazilian companies formed with national capital (an extended definition to cover all state companies) in contracts involving the public administration. But that is not all. It also means giving foreign companies without subsidiaries in Brazil the possibility of participating in public biddings and competing with Brazilian public companies.

The first objective, the commercial objective, also has political aspects. One example is the U.S. effort to win the bidding for the Sivan [Amazon Region Surveillance System] system to monitor the Amazon region, with advanced technology and possibly not using exclusively national software.

The previous positions taken by Brown, in defending the participation by foreign companies without branches in Brazil in the biddings involving Telebras [Brazilian Telecommunications, Inc.], give us a pale indication of the emphasis of his mission, which concludes today after official meetings in Brasilia.

In the Federal District, Brown will without a doubt discuss the most delicate issue affecting Brazilian and U.S. diplomatic relations: the patents law, the terms of which do not satisfy the U.S. Government. It cannot be established with certainty when the Senate will finish analyzing the bill, which will have to return to the Chamber of Deputies for further examination after the Senate votes on it. This slow pace, which is, nevertheless, a procedure established in the Constitution, will be slowed down even more by the deadline (which will undoubtedly be delayed as well) for ratification of the GATT agreement, which in some aspects conditions parts of the patents law. The delay in the Brazilian Congress is sometimes annoying, but it is a routine the that U.S. Government must understand, even with Super 301 in hand to punish what it calls unfair trade practices. In the end, the resistance the Clinton administration is beginning to find in ratifying the GATT agreement show that legislative powers still have weight in democratic regimes.

Study: Country Should Redirect Science Policy

94WS0393B Sao Paulo GAZETA MERCANTIL in Portuguese 28 Apr 94 p 11

[Article by Lidia Reboucas]

[Text] Sao Paulo—There is an urgent need for revising Brazil's model of scientific and technological development, to gear it to the new world political and economic order. Achieving this requires a reversal of the previous trend implemented during the past 25 years, which encouraged major technological projects of large dimensions that were highly sophisticated and centralized.

There must be a move toward promoting initiatives that will bring a high rate of technological return to the productive system, and an international projection of Brazil's scientific and technical capacity. This is one of the main conclusions from a study prepared by the Getulio Vargas Foundation (FGV) at the request of the Ministry of Science and Technology and the World Bank (IDB), based on the agreement that established the Second Program in Support of Scientific and Technological Development (II-PADCT).

The work to assess Brazilian scientific policy, divided into three phases, was done by an independent group of Brazilian scientists and economists from Campinas State University (UNICAMP), which was responsible for covering relations with the economic sector; from the Getulio Vargas Foundation, concentrating on the current status of Brazil's scientific policy and the preparation of new guidelines; and from the Ministry of Science and Technology, studying the institutional aspects of the issue.

The results of the studies will be presented next week, at the "International Seminar for Evaluation of and Proposals for Brazil's Scientific and Technological Development," to be held at the FGV. Also to be discussed are the results of the applications of the funds released by the Inter-American Bank of Reconstruction and Development (IBRD), totaling $72 million between 1985 and 1990, and by the IDB, amounting to $150 million during the past four years.

According to the coordinator of the work carried out by the FGV, Simon Schwartzman, a clear identification of the technological demands of Brazil's industrial plant is required, as is the aiming of research toward potentially applied fields. He explains: "Nevertheless, this does not imply a neglect of basic research, but rather its adapation to the country's model of economic and industrial development. In his assessment, Schwartzman remarks: "The 1980's were typified by a major lack of definition of the objectives and goals of Brazilian scientific production." This was due to the failure of the military plan during the Geisel government's term, with accelerated growth of the economy. At that time, an S&T system was set up in the country aimed at large-scale programs intended to respond to the demands of the military sector, in the telecommunications, nuclear, aeronautical, and computer science fields.

Potential

The abundance of funds and incentives was, however, not reflected in a concern for quality and efficiency in scientific production, which ultimately failed to gain an international projection. During the 1970's, Brazil was responsible for 0.2 percent of worldwide scientific production. Ten years later, that production amounted to only 0.4 percent. "There was little growth," in Schwartzman's view.

According to data from the Ministry of Science and Technology, the scientific community consists of 50,000 persons, 12,000 of whom have post-graduate degrees. "This number isn't small, and is comparable to that of a small European country. To take advantage of this potential, there must be a recovery of installed capacity and a redirection of Brazil's scientific and technological model."

Research Tries To Recover

94WS0393C Sao Paulo FOLHA DE SAO PAULO in Portuguese 3 May 94 p 1-12

[Article by Ricardo Bonalume Neto and Marcelo Leite]

[Text] While the Ministry of Science and Technology is attempting to "repair" research in the country, scientists at a seminar in Sao Paulo were debating the future of the nation's scientific development (without reaching unanimous conclusions).

Science and Technology Minister Israel Vargas announced that the new budget proposal in Congress has raised the funds for his ministry by 6 percent. He considers this increase good, when compared with the 16 to 20 percent cuts in other areas.

Brazil has again received sizable funds from the World Bank for the PADCT (Program in Support of Scientific and Technological Development).

Those funds come from both the Brazilian Government and the World Bank; but in October 1992, because of the lack of local matching funds, the country received only 3.8 percent of the PADCT appropriation.

"The faucet was turned off during the Collor government," remarks Vargas. Now, the percentage has returned to a more appropriate level, on the order of 70 percent, he claims.

The government is also negotiating a loan that could amount to $300 million or even $400 million. Some of the funds from the privatizations will go to science as well.

At the opening of the "International Seminar on Evaluation of and Proposals for Brazilian Scientific and Technological Development," at the Getulio Vargas Foundation (FGV), the minister pointed out that private business firms contribute only 15 percent of the costs of research and development in the country.

As early as this year, Vargas expects to raise the spending on science and technology by over $700 million annually. Brazil's total spending on the sector stands at approximately $3 billion per year. The ministry's budget amounts to $800-$900 million.

The background for the minister's statements consists of three studies on the status of science in the country, the purpose of which was to discuss proposals for the sector's development.

Another point stressed by the minister was the improvement in relations with the U.S. Owing to the conflict

over the patent law, the computer science policy, and the construction of the Brazilian rocket, which the rich countries fear may become a military missile, the U.S. threatened drastic cuts in the scientific cooperation with Brazil. The conflict has been resolved.

Political scientist Simon Schwartzman, of the USP [University of Sao Paulo] and FGV, proposes the "associated laboratories" model, to provide a solid foundation for financing the leading research groups operating at present.

Schwartzman points to the CNPq's (National Research Council) estimate that Brazil has nearly 52,000 researchers, but that only a quarter of them (between 12,000 and 13,000) have doctorates, and hence are qualified researchers. Another quarter of that total have only taken a course leading to a degree.

Military Research

Geraldo Lesbat Cavagnari Filho, a professor at Unicamp [Campinas State University] and colonel in the reserves, advocated the next federal government's continuation of the three main military research and development projects.

The three major projects that he cited are the parallel nuclear program handled by the Navy, the goal of which is the construction of a nuclear submarine in the country; the Brazilian Complete Space Mission, including the installation of a satellite launching rocket by the Air Force; and the production of the AMX fighter-bomber by Embraer [Brazilian Aeronautics Company].

According to Cavagnari, all three projects were "mistakes," because the country could have found other means for achieving technological development. However, he thinks that it would be worse to end them now, when they are beginning to bring results.

According to the Unicamp professor, the dimensions of the military projects can be gauged by the total cost of the nuclear submarine project: $2.5 billion in 20 years. The launching of the submarine is planned for the year 2005.

Another fact demonstrating the sector's importance to the society: nearly 90 percent of the researchers employed by the military are civilians, the cost of whose training has been defrayed largely by the Armed Forces.

Another Unicamp researcher, Renato Dagnino, questions the supposed financial benefits accrued from military research, estimating that it consumes 20 percent of the country's total research and development budget.

Dagnino notes that, in the U.S., military research carries an even greater weight (approximately 40 percent), but is more effective in terms of value of the product. Whereas, in the U.S., the military industry accounts for 4 percent of the GDP (gross domestic product), in Brazil, during 1987, that percentage was only 0.2 (a result 10 times worse in terms of value of the end product).

[Box, p 1-12]

Physics in a Critical Situation

The picture of physics research in Brazil drawn yesterday at the International Seminar is dismal, as was to be expected. The physicists think that, to revive it, there must be a break in its umbilical link with the university.

This viewpoint was upheld by Sergio Machado Rezende, aged 53, a full professor at the UFPE (Federal University of Pernambuco). According to Rezende, 84 percent of Brazilians with doctorates in physics are in universities, and 2 percent are in private business firms.

In more industrialized countries, nearly a third are in industry. In the U.S., the proportion amounts to 50 percent. There are 1,350 holders of doctorates in physics in the country; and 33,000 in the U.S.

According to Rezende, the only solution is more investment in the sector. Whereas industrialized countries apply $50 per capita annually, here the amount declines to $0.79.

$85 Million Allocated for Development

94WS0393A Sao Paulo GAZETA MERCANTIL in Portuguese 19 May 94 p 11

[Article by Lidia Reboucas]

[Text] Sao Paulo—Yesterday, the Program in Support of Scientific and Technological Development (PADCT) of the Ministry of Science and Development announced the allocation of $85 million to be used to finance new scientific and technical research with funds from the federal government ($43 million) and the World Bank (IBRD—International Bank for Reconstruction and Development) ($42 million). Also announced were the bidding invitations issued to business firms and educational and research institutions interested in submitting proposals for the procurement of financing for research projects.

During this phase of the program, priority will be given to proposals submitted by a partnership between private business firms and research centers to develop projects. The program's executive secretary, Luis Antonio Barreto de Castro, explained: "This is the method being adopted by the PADCT to stimulate scientific and technical cooperation between the universities and the productive sector."

The financing is aimed at projects in the fields of instrumentation, biotechnology, maintenance, chemistry and chemical engineering, earth sciences and mineral technology, new materials, basic industrial technology, education for science, environmental sciences, and information in science and technology. The funds will be transmitted through the federal government's three financing agencies: Capes [Council for Advanced Professional Training] ($10.5 million); CNPq [National Research Council] ($25.3 million); and Finep [Funding

Authority for Studies and Projects] ($48.5 million). Projects that foster an interconnection among the various areas will be prioritized as well.

With this measure, the PADCT is taking another step toward releasing the $300 million specified for the next two-year period, $13 million of which has already been contracted since the beginning of the year.

1,800 Projects Financed

The program has existed since 1984, having already financed nearly 1,800 projects ($170 million) during its first phase of execution (1985-89). In the second phase, which will extend until 1995, 820 projects have been contracted, representing an investment of nearly $150 million. Castro claimed: "There are prospects for continuing the program but, to achieve this, the government must redirect the country's policy on science and technology."

In Castro's estimation, the first 10 years of the program were intended to create the bases for Brazil's scientific development, when the concern was inclined not so much toward applying technological innovations, but rather toward training human resources. At that time, the research "was pre-industrial and pre-competitive, and it was impossible to demand a return to the productive process."

He claims that, this year, however, "we shall implement a more aggressive policy insofar as research results are concerned, requiring the university and business sectors to become associated at the beginning of the contracting for the project."

In this way, it is expected to facilitate the transfer of technolgoy and to stimulate technological training in the national industries. However, not all the questions involving that partnership between the public and private sectors have been resolved. There are many doubts concerning the method for dividing the future research results. "We don't yet know how the division of royalties, of intellectual and industrial properties, and of patents, which are always involved in the development of a new product, process, or invention, will be made."

Brazil is not the only country taking its first steps in the area of transfer of technology between universities and the productive sector. Castro maintains: "That trend is worldwide."

He thinks that the first measure to be adopted to facilitate the execution of those contracts "will be the proliferation of foundations that have space within their organizational structure for commercial and financial contracts, and that will help in the negotiations with the market."

Distribution of Funds (in millions of US$)

Instrumentation	6
Biotechnology	16
Maintenance	6
Chemistry and Chemical Engineering	15
Earth Sciences and Mineral Technology	13
Information in S&T	1.5
Education for Science	5
Environmental Sciences	5
New Materials	11
Planning and Management in S&T	1.3
Basic Industrial Technology	5.5

Source:PADCT

First Phase of Electron Accelerator Completed

94WS0391A Sao Paulo GAZETA MERCANTIL in Portuguese May 94 p 9

[Article by Virginia Silveira]

[Text] Sao Jose dos Campos—The Aerospace Technical Center's (CTA) Experimental Physics Division in Sao Jose dos Campos is constructing a large-sized electron linear accelerator to conduct experiments that may furnish data of interest in nuclear technology and in the development of techniques for industrial use of radiation.

The first stage of the project, in its final phase of completion, includes a small-sized accelerator capable of generating energy on the order of 30 mega-electron volts (Mev) of power. The director of the Institute of Advanced Studies (IEAv—part of the CTA), Colonel Hugo Pereira Chavez, remarked: "That energy is sufficient to solve 80 percent of the problems relating to studies in the nuclear field."

He reported that the final configuration of the accelerator will have eight accelerator structures 2 meters long, fed by four Klystron (high-powered) valves, and energy totaling 130 Mev. The accelerator is being installed in the underground gallery of a building designed to meet all the radiological safety operational requirements.

The first part of the project occupies a two-story building inside the IEAv area, where 15 nuclear physics specialists and technicians are working. According to director Pereira Chaves, the project absorbed $5 million in investments within an eight-year period. The resources were financed by the Parallel Nuclear Program associated with the Federal Government's Strategic Affairs Secretariat.

Laboratories

The IEAv director thinks that, with slightly over $5 million, it will be possible to complete the construction of the accelerator in eight modules. This step is considered essential to the development of an autonomous national nuclear program. The IEAv's accelerator

project involves the construction of microwave, electronics, electron beam transport and focusing, vacuum, and chemical laboratories.

The accelerator will also consist of an electron gun (source emitting electrons). The IEAv has already built and tested two versions of the gun. According to Colonel Pereira Chaves, the second version is now in operation, and is undergoing an optimization process.

The director claims that one important aspect of the electron gun was the pioneer development in Brazil of the metal-ceramic weld, a process with extensive technological applications already transmitted to other research institutions.

The IEAv also has developed the electron beam injection system, the accelerator structure, a microwave network, a Klystron modulator, a control system (allowing for mechanical operation of the accelerator), a vacuum system (with pressure of 10-9 torr/pressure unit), and a cooling system.

Among the accelerator's main applications is the evaluation of the effects of irradiation of materials in the industrial field, with uses in radiochemistry, environmental pollution, and sterilization of surgical materials and food. Another application might be the development of experiments for radiological protection (shielding), to assess damage from irradiation of materials in the nuclear and aerospace fields.

Processes

Through the accelerator, the IEAv has now succeeded in producing electron beams with energy of 30 Mev. "With that energy, it is possible to carry out experiments with the production of pulsated neutrons simulating nuclear reactors." According to the IEAv director, with the accelerator project it was possible to develop various techniques of interest in other fields, as well as to master special processes not yet available in Brazil.

Prominent among the processes are those for metal-ceramic weld, electroforming (shaping of surfaces), construction of an electron gun, magnetic lenses (focusing of electromagnetic radiation), and microwave components.

'New World Trade Map' Seminar Proceedings Viewed

94SM0366A Sao Paulo GAZETA MERCANTIL in Portuguese 27 May 94 p 6

[Article by Sao Paulo correspondent Cristina Aby-Azar]

[Text]**Farm Sector Problems**

The failure of the Uruguay Round of the GATT to achieve more significant progress in the direction of an end to protectionism and agricultural subsidies was largely the result of the defensive position taken by the Europeans.

This was the opinion expressed by the director general of foreign trade relations of the European Union Commission itself, Hugo Paemen, who was in Sao Paulo yesterday to attend the "New World Trade Map" seminar sponsored by this newspaper. "All of us share responsibility with respect to the situation in agriculture today," he said.

What then-President of the U.S. Ronald Reagan called the zero option, which called for an end to all subsidies by the year 2000, proved to be an unrealistic goal and ultimately made things more difficult by creating a lot of antagonism, according to Finance Minister Rubens Ricupero, who also took part in the seminar.

Paemen believes, however, that negotiations will be easier from now on. "Now we have a clearer legal structure," he said. Furthermore, the diplomat emphasized the way the implementation of the European Union's Common Agricultural Policy (CAP) had been accelerated throughout the Uruguay Round and how various countries that had been left on the sidelines of the international trade system had finally been integrated into it.

The goal of reducing farm sector subsidies, according to Paemen, will now be achieved naturally. More than 40 percent of the rural population of the European Union is over the age of 60, which means that within a few more years these people will leave the labor market and start coming under the protection of the social security system. This means governments will be able to stop using production incentives to guarantee the income levels of that population group.

To Pedro de Camargo Neto, president of the Brazilian Rural Association (SRB), Brazilian farmers have little to be enthusiastic about. He says an illusion was created that great changes were about to occur, but it did not prove true.

Throughout the entire Uruguay Round, Brazil was the country most often targeted in complaints to the GATT about unfair trade practices. "When we tried to levy compensatory duties on imports of European milk powder we could not. They argued that we had not followed the right procedure," he said. Brazil failed in its attempt to prove that European milk was subsidized, and the issued ended up in arbitration.

According to the SRB president, the developed countries' policy of unloading stocks on the world market wrecks prices and hurts the poor countries. "Brazil's praiseworthy effort to try to develop an economic activity that other countries already have, such as dairy cattle, was ignored," he said. Camargo Neto believes "Europe's agricultural policies are so complex that it is possible to control surplus production and guarantee farm income without subsidizing exports."

Camargo Neto emphasized, however, that Brazilian agriculture's main problem is still right here within our boundaries. He says that traditionally, there has been an

illusion that inflation could be ended by importing food and other raw materials. "So we killed off domestic production of wheat and cotton, and dealt livestock a serious setback."

In the case of cotton, for example, high volumes of imports have drastically reduced domestic production. In 1985, Brazil produced 970,000 tons of product, but this year the harvest is not expected to exceed 400,000 tons.

Brazil's lag in the textile sector—besides the deficit in raw cotton production, insufficient investments rendered the industrial plant obsolete— will entail significant losses. The country has only a 0.8 percent share of the world textiles market, a market that is likely to expand by 60 percent between now and the year 2005. During the same period, the expansion of the fabrics sector should be about 34 percent, according to figures cited by Finance Minister Rubens Ricupero.

Textile Trade Liberalization

Textiles is one of the areas of world trade that is expected to show the most growth in the coming years, according to recent studies by the GATT. But that growth, which may be of particular benefit to developing countries—Brazil among them—will depend on progress in dismantling the Multifibers Agreement.

Multifibers is an agreement under which the developed countries set quotas that are filled by exporter countries, mostly developing countries. The first attempt to liberalize world trade in this area was made during the Uruguay Round of the GATT, which began in 1986 and ended last April, when 111 countries signed the final act in Marrakech.

India's permanent representative to the GATT, Ambassador B.K. Zutshi, explained yesterday during a lecture at the "New World Trade Map" seminar that the Multifibers agreement is supposed to be dismantled over a 10-year period. The liberalization is divided into three phases. The first phase is supposed to begin on 1 January 1995, when the countries are supposed to free up imports equivalent to at least 16 percent, by volume, of their 1990 imports. This means those products will start being governed by GATT rules.

In phase two, which is supposed to start on 1 January 1998, the minimum percentage of products to be liberated rises to 17 percent in terms of 1990 volume. On 1 January 2002, this percentage goes up to 18 percent, and by 1 January 2005, all textile products must be integrated into GATT rules.

The implementation of this agreement, however, would follow that timetable [only] if the World Trade Organization, the entity that will replace the GATT, enters into force in January 1995.

The impact on exports from producer countries will also probably be limited during the first five to six years, according to the Indian ambassador. He said the agreement does not require that, during this initial period, importer countries must liberate precisely those products that are now under quota. "I am assuming that the importer countries will not remove the products from the quotas until the end of the process, and so the impact on exports from producer countries will only occur in the long term," he stated.

Furthermore, Zutshi observed that textile manufacturers in the United States and the European Union are already mobilizing to try to delay the timetable for a more open market. Some organizations have even asked to have the start of the process postponed from January 1995 to July 1995.

The outlook in Brazil gives cause for concern, said Finance Minister Rubens Ricupero: "This is an area where Brazil lost competitiveness. It invested too little and did little renovation."

Brazilian businessmen are also worried. "Brazil is now more open than the United States and the European Union," said the financial vice president of Northern Minas Fabrics Company (Coteminas), Gomes da Silva, who also attended the seminar. He deplored the acceleration of the process of opening up the textile market that started in 1990, at the beginning of the Collor administration. "We had negotiated a gradual liberalization during the Sarney government, to give the industry time to get ready. Collor came along and accelerated the process. That is a reality now."

Gomes da Silva cited Brazil's advantages in terms of climate and energy. "Our production costs are low, despite high payroll levies." He believes that if the government reduces the tax load on the sector, Brazil may be able to increase its share of the world textile market. "In 1992, world textile trade amounted to $240 billion. That market was bigger than the automobile market. Brazil, however, accounted for only 0.8 percent of that market."

TRIPS Agreement

The agreement on intellectual property (Trade-Related Intellectual Property Rights—TRIPS) approved during the Uruguay Round of the GATT will be useful to countries like India and Brazil, which have "a large reserve of scientific talent," Ambassador B.K. Zutshi, India's permanent representative to the GATT, said yesterday. These two countries, which most fervently opposed the inclusion of the new topic in the GATT realm, out of fear of future sanctions from the developed countries, especially the United States, now see opportunities under the new accord, even though Zutshi believes that "the integration of intellectual property rights into international economic legislation puts a heavy onus on the developing countries."

The principal novelties the TRIPS agreement introduces are:

- Copyright [preceding word in English]: countries that signed the Uruguay Round will be required to follow Berne Convention rules for protection of artistic and literary works (last updated in 1971).
- Computer programs (software): these will be protected like literary works, in the same way as "copyright."
- Trademarks: the GATT agreement stipulates that marks that are well-known in a given country should be given additional protection.
- Geographic indications (appellations of origin): the agreement says countries should not use geographic names that deceive consumers by leading them to believe that a product originates in a certain country. Exceptions will be made for names that have already become generic, probably the case with "champagne."
- Industrial designs: will be protected for a 10-year period.
- Patents: this was the most controversial of the intellectual property issues discussed in the Uruguay Round. The TRIPS agreement grants 20-year protection on patents, whether on processes or products, in all fields of technology. The agreement excludes the following from the obligation to patent: therapeutic, surgical, and diagnostic methods; and plants and animals except microorganisms. Plant varieties, however, will be protected either by patents or by a unique system such as the one described in the "Upov Convention" that protects persons who improve seeds, for example.
- Layout and integrated circuits: the agreement provides that protection in both cases will be provided on the basis of the May 1989 Treaty of Washington on integrated circuits. Protection will be granted for a minimum of 10 years.
- Layout [preceding word in English] and integrated circuits: the agreement provides that in both cases protection will be accorded on the basis of the May 1989 Treaty of Washington on integrated circuits. Protection will be granted for periods of at least 10 years.
- Trade secrets and "knowhow" that has commercial value must be protected.
- Oversight: The TRIPS agreement sets up a council to monitor the operations. There will also be a disputes resolution mechanism to hear litigation in the intellectual property area.
- Deadlines for implementing the agreement: one year of transition for developed countries, and five years for developing countries and economies in transition. Those countries will have almost 11 years in which to implement intellectual property laws containing the provisions approved in the Uruguay Round. In the case of pharmaceuticals and chemicals products, however, developing countries must start accepting applications at the beginning of the transition period.

Foreign Minister Celso Amorim, who yesterday attended the "New World Trade Map" seminar sponsored by this newspaper, emphasized that "the benefits" of the incorporation of intellectual property subject matter into the GATT have not been clearly proven from the standpoint of the developing countries, but they at least served "to cool off bilateral pressures from the major partners, especially as regards patents and copyright aspects. It is possible that the agreement will make it easier for developing countries to gain access to advanced technology, but that will depend on the political willingness of the governments of the developing countries," he said.

Amorim recalled that the government has been trying hard to get the Congress to pass the substitute industrial property bill, now in the Senate, by 15 June—the deadline stipulated in talks with the United States. But the minister emphasized that Congress is a sovereign power.

Francisco Teixeira, executive vice president of Interfarma, which represents 39 foreign pharmaceutical laboratories in Brazil, is optimistic that the substitute bill will be approved in the Senate by the 15th. He expects, however, that the bill will not return to the Chamber, which means passage will be delayed. In general, the multinational laboratories are satisfied with the provisions approved in the GATT.

The Brazilian government did not submit an amendment to the Senate that deals with this subject, but promised the international community it would consult the World Trade Organization.

If the consultation authorizes nonprohibition of imports, Brazil will have to implement that provision by 1996, Teixeira explained. The multinational laboratories are also satisfied because Brazil will ban parallel importation, thus preserving the rights of the patentholders in their countries of origin.

GATT Helps Expand Trade

The expansion in international trade that it is hoped will accompany implementation of (GATT) Uruguay Round measures will bring trade benefits and business opportunities to various Brazilian production sectors. Chief among these are agribusiness and mines and metals, including steel, in which Brazil is quite competitive.

In the opinion of businessman Roberto Giannetti da Fonseca, president of Silex Trading S.A., one of the members of the panel on "Business Opportunities Resulting from the Uruguay Round," Brazilian businessmen do, however, need to improve their performance by investing more money in modern technologies so as to be able to compete. He mentioned, for example, agribusiness products such as fruits and the commodities (soybeans, cacao, coffee) that compete strongly with [as published] the United States. These will need heavier investment in genetic technologies and soil fertility.

Fonseca also pointed out the need for the Brazilian Government to decide on an industrial policy in order to outline the production priorities for its domestic companies, both on the internal market, where they compete

with imported goods—now facilitated by the economic "opening,"—and on foreign markets, where competition is stiff and demands a high degree of competitiveness in order to be able to make sales.

If Brazil is to obtain the new business opportunities that will be created in world trade, the businessman noted, it needs to assume the role of "global trader," even if timidly, although it is a nation with a vocation for international markets. "This country has one of the best foreign trade structures, quite diversified and well-balanced with the major trading blocs, the United States, Europe, Asia, and Latin America," but it is still one of the world's most closed economies, with annual trade representing only 10 to 12 percent of its GDP." According to Giannetti, that index could be expanded to 15 or 20 percent by the end of the decade.

Giannetti did, however, express concern about the continuity of the application of antidumping laws by the developed countries, despite their being defined in the Uruguay Round. "They have not been applied consistently, thus inhibiting Brazilian exports and new investments in products designed for the foreign market," he observed.

In the opinion of Ambassador K. Kesavapany, Singapore's representative to the GATT, no country is completely satisfied with the final results of the Uruguay Round, not even the developed countries like the United States. However, seven and a half years of negotiations led to several agreements that favor the expansion of business in various industrial sectors. In his speech at the international seminar, he emphasized ease of access to industrial products by companies all over the world, because of the reduction of tariff levels—such as in textiles, apparel, and farm products—in addition to the opening, for the first time, of the services sector to foreign companies.

According to Kesavapany, the tariff reduction alone is expected to boost world income by about $212 to $274 billion. That benefit, however, will not be shared equally: 65 percent of it will be realized by Japan, the United States, and Europe.

Export Subsidies Scored

Despite fighting vigorously against incentives granted to the agricultural sector by the developed countries, Brazil still follows a policy of minimum price supports for products in the "basic market basket" that, indirectly, also generates subsidies.

"But it is this policy that guarantees that the government will buy up [excess] inventory. This is a food security policy, a consumer protection policy," Pedro de Camargo Neto, president of the Brazilian Rural Association (SRB) retorted yesterday, during the "New World Trade Map" seminar sponsored by this newspaper. "I am not a unilateral defender of the minimum price policy, which is an issue that is also being debated within the realm of Mercosur [Common Market of the South]. It is undeniable, however, that it leads to increases in production and the buildup of inventories," he pointed out.

The problem, Camargo Neto added, is the export subsidies. "These are indefensible. There is no reason to applaud a 21 percent reduction in these subsidies. It is, in fact, a 79 percent injustice. It means permitting that, for the sake of simplicity and economy of the strong powers in terms of their internal policies, a large part of the world will still have to wait, perhaps as long as six years, before it can grow," he stated.

The president of the SRB acknowledged that a good part of the difficulties encountered by Brazilian agriculture are the result of a failure to invest, particularly in the case of livestock. But, he said, that is changing. "The figure of the winter herdsman *[invernista]*, for example, who used to buy cattle to fatten them on grass and then sell them, is becoming extinct. Productivity increase programs, like that of the very young steers *novilho precoce*, are springing up every day. Brazilian grain producers have now achieved higher yields than their counterparts in the developed nations."

Chile

Army Commander Pinochet Views Czech Trip

PY2806175894 Santiago LA TERCERA DE LA HORA in Spanish 19 Jun 94 pp 8, 10

[Interview with General Augusto Pinochet, commander in chief of the Chilean Army, by Maria Eugenia Oyarzun in his office in Santiago "24 hours" after returning from the Czech Republic]

[Excerpts] [Oyarzun] How was your tour?

[Pinochet] Fine!

[Oyarzun] Was it an official tour?

[Pinochet] It was a private tour of a professional and technical nature. I was invited by the Czech arms company Omnipol.

[Oyarzun] Did you travel on a diplomatic passport?

[Pinochet] Yes. I was surprised to hear someone say I was traveling on a false passport. How could I have done that if I was carrying a diplomatic passport, and everyone knows me wherever I go; some for better, others for worse?

[Oyarzun] It has been reported that you were harassed in some cities by people who were against your visit. Is this true?

[Pinochet] No, Maria Eugenia! No one confronted me anywhere. [passage omitted]

[Oyarzun] There were reports of demonstrations in Amsterdam. Is this true?

[Pinochet] I did not see anyone. Later, one general told me that five people—just five—were waving placards. Yet, the networks of socialist and communist reporters around the world disseminated some fabricated, magnified, or distorted reports.

[Oyarzun] Were those five people shouting at you?

[Pinochet] I was told that they were shouting, but no one paid any attention to them.

[Oyarzun] I know you like history. What was your impression of the new Czech Republic at this new stage without Marxism?

[Pinochet] One cannot say they are all democratic; there are still some communists there.

[Oyarzun] Are there many?

[Pinochet] One cannot say how many, but I believe not everyone supports democracy there. You must remember that the process in the Czech Republic is still at an early stage because the Czech and Slovak states were only created in 1990 following different processes of change. Only since the "Velvet Revolution" have they started to move toward democracy. The cultural factor greatly influenced this process because the Czech people, especially the ruling class, are highly educated and well informed.

[Oyarzun] Tell me, what did you see there?

[Pinochet] I will explain. I talked with people who informed me that before they had fixed salaries, homes, food, education, and health care, while now they have to work hard to get all this.

[Oyarzun] What did it mean to you who fought the communist system to arrive in a country that was behind the Iron Curtain?

[Pinochet] It confirmed that I was right when I rejected the communist system in Chile. [Communist Party Leader] Luis Corvalan is wrong in his book when he says the leaders and the corrupt are to blame, because the communist system is good. It has been proven that it is not the best system and that is why the situation is dramatic in socialist countries.

[Oyarzun] What do you think about the military factories you visited in the Czech Republic?

[Pinochet] I visited factories that manufacture war materiel. It was very interesting.

[Oyarzun] Is it better or worse than ours?

[Pinochet] I was not there to purchase anything. These short visits do not allow time for comparisons. Now is the time to make assessments and to analyze.

[Oyarzun] Did you visit a firing range?

[Pinochet] Not in the Czech Republic, but in Switzerland. I saw armored materiel and considered its main characteristics. I saw that new technology has been incorporated. In principle, however, I do not believe it will be of any use to us because we must consider the economic as well as the strategic, geographic, and technological aspects before making any decisions.

I visited Austerlitz, on the outskirts of Prague; the battlefield is there. It was very interesting. One has in mind the battles that took place there but it is different when one observes the exact location. A view of the terrain changes the images in ones mind. I will study these battles once again. [passage omitted]

[Oyarzun] People said you went to purchase guns. Did you?

[Pinochet] What ever makes you think that! I did not purchase a single rifle or bullet. Purchasing guns is no easy process. It is not like buying a shirt or a hat. I have to discuss the issue with the different experts on materiel, technology, and new systems to see if they are compatible with our existing systems. We must thoroughly assess the situation before making any decision.

[Oyarzun] Are we behind in technology?

[Pinochet] Yes. Regarding ammunition, for example, they use metal alloy cartridges which are much better than the ones we use.

We also visited the factory that manufactures the 30-ton Tatra trucks that are used to transport materiel, personnel, and supplies. Maybe we will buy a couple to try out. Nothing can be bought without testing. [passage omitted]

[Oyarzun] Do you think your visits to weapons factories in the Czech Republic, Switzerland, and in England may awaken suspicion as some Argentine politicians have stated?

[Pinochet] But I did not purchase anything! Does this mean every time a delegation travels to inspect new aircraft engines it will awaken suspicions?

[Oyarzun] In other words, your trip should awaken no suspicion among Argentines?

[Pinochet] There are no reason for suspicion, I did not purchase anything, I only assessed and evaluated.

[Oyarzun] Did you meet Czech or Russian military officers?

[Pinochet] No. My meeting were at an industrial level, with representatives of trucks, ammunition, and pistol factories. As you known, local enterprises sometimes act as sales agents. For example, Famae [Army Ordnance] could act as the sales agent for the C2 pistol for the entire hemisphere.

[Oyarzun] Are the weapons you saw similar to the ones smuggled into Chile through Carrizal Bajo?

[Pinochet] No. The weapons found in Carrizal Bajo were U.S.-made weapons with the serial numbers erased.

[Oyarzun] What do you think about the return to Chile of terrorist Sergio Buschmann, one of the terrorists who smuggled the weapons into Chile?

[Pinochet] Mr. Buschmann has a pending case with the court, that is all. He will undoubtedly try to act well but the truth is that he is a very poor actor.

[Oyarzun] Is he good enough for a secondary role?

[Pinochet] Not even for a third rate role...

[Oyarzun] Do you consider your treatment in Europe correct in your capacity as commander in chief of the Army?

[Pinochet] The treatment I received everywhere was excellent. I was treated very well. It was an incident-free working visit.

[Oyarzun] Did you meet politicians or military officers?

[Pinochet] I did not meet with just anyone who wanted to talk to me, less still did I agree to be interviewed by the media.

[Oyarzun] Why not?

[Pinochet] Because they publish things that are not true. I did not grant any foreign sector of the media an interview.

[Oyarzun] Why did you not go to Russia?

[Pinochet] I never considered going to Russia, although I have an invitation to do so. I was unable to extend my trip to include Russia because I was running short of time. You must remember that these trips are very tiring because one goes to work and not to have fun. This folder contains the preliminary report of my visit.

[Oyarzun] Have you given it to the defense minister?

[Pinochet] Yes, of course.

[Oyarzun] Would you say the trip was positive?

[Pinochet] The trip was very positive.

[Oyarzun] Did you see the British missile launchers?

[Pinochet] Yes. I wanted to see if it could be used to transport our Lightning rocket.

[Oyarzun] Has it been decided that Famae and a British enterprise will jointly build the Lightning rocket?

[Pinochet] No agreement has been reached yet.

[Oyarzun] Why not?

[Pinochet] We are talking, discussing the details...

[Oyarzun] What materiel do they produce in Switzerland?

[Pinochet] Contrary to what most people imagine, Switzerland has very important war materiel factories. They manufacture anti-aircraft machine guns, anti-aircraft cannons, radar, and small weapons of very good quality. [passage omitted]

[Oyarzun] Deputy Seguel has said that he would reduce rather than increase Carabineros' salaries. Can the salaries of the Armed Forces and Carabineros be reduced at all?

[Pinochet] Officers and military personnel do wonders to survive! I try to improve their situation with social benefits, with provisions, but their salaries are extremely tight and are really not enough.

[Oyarzun] How much does a newly enrolled corporal earn.

[Pinochet] Some 80,000 pesos per month, but from this amount they have deductions.

[Oyarzun] Is the situation the same for the Carabineros?

[Pinochet] It is the same system. All Armed Forces personnel are on the same salary scale, they all have the same guarantees. In other words, the situation is very difficult. [passage omitted]

[Oyarzun] Are you and Defense Minister Edmundo Perez still on "honeymoon"?

[Pinochet] I have a good relationship with Minister Perez. I was a friend of his father and have great respect for the minister. I was commander of the Santiago Garrison when VOP [People's Organized Vanguard] extremists killed Mr. Perez Zujovic; I chased these men for five days until I found them at the Chile racetrack. Troops surrounded them, while members of the Investigative Police arrested them. We are not on "honeymoon." You know honeymoons end and the difficulties begin. I have a good relationship with the defense minister and believe we will continue to do so.

[Oyarzun] Is your relationship with War Under Secretary Jorge Burgos also good?

[Pinochet] Yes, I think he is very pleasant and efficient. [passage omitted]

[Oyarzun] How is the modernization of the Army going? I know you are determined to complete it.

[Pinochet] My trip was related to that process. I think we made progress. You will hear what I have to say about it during my conference on the subject in August.

[Oyarzun] Are you bothered about all the attacks and criticisms on you?

[Pinochet] It is like a disease. If it appears on the hand, for example, the body generates antibodies to get rid of it. I am immune to these attacks. Some people like to talk, and as it sells newspapers, they take advantage of it. [passage omitted]

Exports to Aladi, Mercosur, EU, Asia Viewed

PY2806235394

[Editorial Report] Santiago ESTRATEGIA in Spanish on 15 June, on page 10, carries an unattributed 600-word article on Chilean exports to the Latin American Integration Association, Aladi, and to other continents. The article says that during the first quarter this year Chilean exports to Aladi increased 19.8 percent compared to the same period in 1993.

Chilean exports to Aladi during the first quarter totaled $465.4 million. Overall, Chilean exports totaled $2.5101 billion for the same period. Argentina, Brazil, and Peru are main importers of Chilean products. Exports to these countries between January and March this year are up 51.8 percent and 52.3 percent, respectively, compared to the same quarter in 1993.

The article says: "The Foreign Ministry strategy to achieve agreement with the Common Market of the South, Mercosur, does not surprise us because it is a way to access this market. Exports to this group totaled $258.7 million, that is, 55.5 percent of our exports within Aladi."

Chilean exports to the United States represented 20.8 percent of overall exports during the first 90 days of the year while exports to Canada and Mexico represent 23.3 percent, some $586.4 million.

The article adds that Chilean exports to Asia dropped 5.4 percent during the same period. South Korea, Taiwan, and Hong Kong are among the main importers of Chilean products. Chilean exports to Japan during the first quarter increased 2.3 percent, while exports to the European Community amounted to $586.3 million, a drop of 9.8 percent compared to the same period in 1993. Germany, the United Kingdom, and the Netherlands are the main purchasers of Chilean products.

Colombia

Further on Alleged Drug-Funding of Campaign

New 'Narcocassette' Disclosed

PA2806192194 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 28 Jun 94

[Report by J.J. Pinilla from the "National Newscast"]

[Text] A new narcocassette was just disclosed, and those who sent it assured have us that it contains new evidence on the involvement of drug funds in the political campaigns. Here is a report by J.J. Pinilla:

[Begin Pinilla recording] Attention. A communique and a cassette have just been dropped off at the "National Newscast" reception desk. In this cassette, a group called Honorable Colombians reveals two messages: The first message includes statements by journalist Alberto Giraldo and Gilberto Rodriguez Orejuela; it deals with a meeting between Giraldo and Santiago Medina, Samper's campaign treasurer. In this meeting Gilberto Rodriguez Orejuela confirms that the Cali Cartel funded Samper's campaign. The second message contains statements by Alberto Giraldo and Miguel Rodriguez Orejuela. The topic revolves around the, quote, honorable, unquote, General Miguel Maza Marquez's receiving money from the Cali Cartel.

The communique was also sent to the Supreme Court of Justice, the Prosecutor General's Office, the Attorney General's Office, all the media, and the French and U.S. Embassies. The "National Newscast" has not yet disclosed the contents of the cassette because the voices of the people in it have not been identified. [end recording]

Cali Cartel Chief Denies Contribution

PA2906015094 Madrid EFE in Spanish 2258 GMT 28 Jun 94

[Excerpt] Santa Fe de Bogota, 28 Jun (EFE)—According to SEMANA magazine, Gilberto Rodriguez Orejuela, the paramount leader of the "Cali Cartel," telephoned a subdirector of EL TIEMPO daily to swear to him on lives of his children that he did not make any contributions to any of the presidential candidates.

The magazine assures that last Thursday [23 June] "amid the scandal caused by the alleged injection of hot money into the electoral contest," Rodrigo Orejuela called reporter Enrique Santos Castillo to explicitly tell him that his organization did not make any contributions to any of the candidates.

The scandal, which resulted from the disclosure of audiocassette recordings of conversations between reporter Alberto Giraldo and the brothers Gilberto and Miguel Rodriguez Orejuela, has tainted Liberal candidate Ernesto Samper's 19 June election victory. [passage omitted]

Authorities Investigate New Tapes

PA2906024694 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 29 Jun 94

[From the "Seven O'Clock Newscast"]

[Text] The tense climate engendered by alleged attempts by Cali Cartel drug trafficking sources to inject drug money into the presidential elections continues today with the appearance of more tapes anonymously sent to the media that include conversations between the Rodriguez Orejuela brothers and journalist Alberto Giraldo.

Nevertheless, skepticism is starting to develop in many camps in regard to the tapes, and there is speculation about the real intention behind the mailing of the tapes.

Another narcocassette appeared today and included recordings of two conversations and a communique pointing to alleged conversations between Cali Cartel members and journalist Alberto Giraldo. After being

analyzed by the authorities, it was disclosed that one of the tapes is a copy of tapes made public last week. The content of the second tape is still being investigated.

According to authorities, the tapes, communique, threats, and rumors of terrorist attacks in the country are being disseminated by groups seeking to promote chaos in the country for unknown reasons.

This afternoon, the government, via the Government Ministry, reminded the media of the ban currently in effect barring the transmission of communiques or messages originating from guerrillas or terrorist groups. The minister stressed that it is also prohibited to disseminate through radio or television any interviews with members of criminal organizations.

Vice President-Elect Denies Links to Cartel

PA2906032294 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 29 Jun 94

[From the "Seven O'Clock Newscast"]

[Text] The wave of rumors, instead of ebbing, is swelling with each passing moment. Today it was learned that during statements made to French television, the director of a private organization headquartered in Paris and which specializes in investigating drug trafficking, linked Vice President-elect Humberto De la Calle to one of the drug cartels. The allegations prompted a strong reaction from Vice President-elect De la Calle.

Ever since the so-called narcotapes appeared, Colombia's image overseas continues to be tarnished. This time the reports came from France. (Alain Labreuse), director of the nongovernment organization Geopolitical Narcotics Observer alleged that Vice President-elect Humberto De la Calle has links to the Cali Cartel.

De la Calle, who just yesterday received a message from French President Francois Mitterrand reiterating his support for the new Colombian Government, vehemently denied the allegations:

[Begin De la Calle recording] I have no information about this gentleman. This is simply international gossip—which is all we need. Now we are seeing all sorts of international garbage being thrown at Colombia. I strongly protest this sort of information. All of you know me very well. It is nothing more than a delusion to try to link Humberto De la Calle with the Cali Cartel. [end recording]

De la Calle labeled the campaign against the country as despicable, and he reiterated President-elect Ernesto Samper's determination to fight the drug cartels.

Takeover of Nicaraguan Embassy Confirmed

PA2906015694 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 29 Jun 94

[From the "Seven O'Clock Newscast"]

[Text] A communique just released by the Foreign Relations Ministry reports that today six people identified as members of the Nicaraguan resistance peacefully seized control of the Colombian Embassy in Managua. We repeat, six people identified as Nicaraguan resistance members have decided to peacefully take control of the Colombian Embassy in Managua. We have just spoken to a Colombian official at the embassy in Managua.

[Begin recording] [Unidentified reporter] Are there any problems? Are they armed?

[Unidentified embassy official] No, none whatsover.

[Reporter] Neither you nor any of the other Colombian officials are in any danger?

[Official] No sir.

[Reporter] You are all unharmed at this time?

[Official] Yes, we are all unharmed. Everything is under control.

[Reporter] Are all of these people adults?

[Official] Yes.

[Reporter] Are they Sandinists or contras?

[Official] Well, at this time I cannot say. I am really not that familiar with the situation.

[Reporter] What are they demanding? Political asylum?

[Official] We are not sure yet, because that is what they are discussing in the meeting, and I do not know what arrangements they are discussing.

[Reporter] Is there any likelyhood that they will be granted political asylum or that they will leave the embassy grounds tonight?

[Official] Yes, I believe there is. [end recording]

Paraguay

Wasmosy Seeks Opposition Support for Privatization

PY2906011194 Asuncion ULTIMA HORA in Spanish 28 Jun 94 p 8

[Text] President Juan Carlos Wasmosy met with National Encounter Alliance, AEN, leader Guillermo Caballero Vargas this morning in a move to obtain the support of his party in Congress for its privatization program—given the lack of endorsement from his own party.

Caballero Vargas underlined: "There is no marked difference between the three (economic) projects that were publicly expounded during the campaign leading to the 9 May elections. There may be slight differences, mainly in

the procedures involved in the privatization scheme, but the three all agree on the need to privatize government-owned enterprises."

The meeting was held at the presidential residence at 0700 local time and lasted approximately two hours. It was convened by President Wasmosy.

Milciades Rafael Casabianca, AEN bloc leader in the Senate, also attended this meeting.

Commenting on the purpose of this meeting, Caballero Vargas noted that "there are obvious disagreements" between the executive branch and the Colorado Party about privatization.

Asked if Wasmosy was trying to curry favor with the opposition as he lacks the support of the Colorado Party for his economic program, Caballero Vargas replied: "This is the impression we all have. If we have that impression, the president must certainly have it."

He continued: "I think the opposition has a more coherent stance on this issue. The president believes he will find more support on the opposition benches than on the Colorado Party benches."

Caballero Vargas added that differences will be reflected on very specific subjects, but "we must achieve consensus and compromise, especially regarding the preference the Constitution grants workers in privatizations."

He stated that direct dialogue like the one proposed by Wasmosy is the best way to analyze subjects like this, "since it seeks to iron out difficulties and prevent misunderstandings."

Wasmosy and Caballero Vargas also broached the subject of financing this year's harvest and the inflow of foreign exchange even though, according to the AEN leader, these were not the main points of their discussion.

Wasmosy convened this meeting to sound out the opposition on the implementation of his privatizations program and to obtain its support in Congress.

Caballero Vargas said the problem of how to finance farmers was mentioned "only in passing" during the meeting. He added that another subject raised was the noteworthy entry of foreign exchange.

He said: "Those of us who believe we know something about our country's economy are dumbfounded by this phenomenon," adding: "Paraguay's economic variables are under control. Yet, as I told the president, the miracle does not lie in the stabilization of macroeconomic variables, inflation, exchange rates, etc. The miracle lies in controlling inflation with an exchange rate policy that enables the country to be competitive and, above all, with interest rates that help to achieve development."

Caballero Vargas observed that there is economic stability in Paraguay, but "at this rate the whole productive apparatus will go bankrupt.

Much has been done, but the test of these achievements is to be found in interest rates, which must be considerably reduced."

Although it is not known if anything concrete resulted from this meeting, Wasmosy's objective in convening this meeting is to prop up his economic program with the help of the opposition since it lacks the support of the Colorado Party.

This is evinced in remarks by Vice President Angel Roberto Seifart and Colorado Party President Eugenio Sanabria Cantero, who voiced their reluctance to undertake the massive privatization of government-owned enterprises.

Opposition to the privatizations has a mainly political tone because the Colorado Party draws a considerable number of votes from government-owned enterprises.

Colorado Party's LA UNION Begins Publication

PY2806203194

[Editorial Report] Asuncion ULTIMA HORA in Spanish on 28 June publishes, on page 8, a 300-word unattributed report on the publication of the newspaper LA UNION.

The report says the newspaper is published by the National Republican Association, Colorado Party. It replaces PATRIA, which was closed a few months ago.

The report further says the director is writer Mario Halley Mora and that the newspaper rehired 96 of the 300 employees who worked for PATRIA.

Correction to DEA, Brazilian Police Find Drug Network

PY2206125194

The following correction pertains to the item headlined "DEA, Brazilian Police Find Drug Laundering Network" published in the 22 June Latin America DAILY REPORT on pages 40-41:

Page 40, column two, paragraph three, last sentence, reads ... The amount of money in those movements has led ... (adding dropped words)

Peru

Fujimori 'Worried' Over Release of 'Terrorists'

PY2906021594 Lima EL COMERCIO in Spanish 17 Jun 94 p A4

[Text] Iquitos, 15 Jun—At his first stop upon returning to Peru after an extensive tour of Asia and after having

participated in the Ibero-American Summit in Cartagena, Colombia, President Alberto Fujimori has announced that he will review every file of the terrorists recently released by the judicial branch.

He said: "I am worried that outstanding terrorists were released by the courts. This reaffirms my belief that because they are dangerous (the terrorists) they should be tried by military courts, for the security of the country. I hope the judicial branch acted in accordance with the law, and that it did not release experienced and dangerous terrorists."

Fujimori added that he would study who they are and how they were tried.

He said: "If they are dangerous, the appropriate mechanisms will have to be found to correct this situation."

In another part of the news conference granted to the reporters who travelled with the presidential delegation, Fujimori reiterated his decision not to talk with ex-President Alan Garcia, labeling such proposals "absurd."

He said: "I cannot conceive of any agreement with an individual who destroyed the country. That can be completely discarded. I have no idea what motivations lie behind it."

Regarding his participation in the Fourth Ibero-American Summit, Fujimori said that in the opening session his concepts about the effectiveness of democracy created discussion. He reiterated that the goal of trying to balance the government branches should not go to the extreme of an inner struggle that would lead to the neutralization of either the executive, legislative, or judicial branches.

Fujimori added: "Fortunately in Peru there is at least a better coordination. The actions of the executive and legislative branches are not neutralized, and the judicial branch has greatly improved its task. Before 5 April 1992, 220 terrorists had been released, and now over 200 have been sentenced to life imprisonment."

In this regard he agreed that certain aspects of the Repentance Law should be improved, but he did not say how.

Congressman Views U.S. Radar Station Closings

PY2806215094 Lima EL COMERCIO in Spanish 20 Jun 94 p A4

[Text] About 30 light planes were reportedly detected or intercepted during the time U.S. radar installations to help drug enforcement were operating, but clandestine drug flights allegedly total over 10,000 per year.

This was announced by Congressman Julio Castro Gomez (MDI) [Democratic Left Movement], who presides over the subcommittee that investigates this crime.

The U.S. radars were installed in Yurimaguas and Andoas about two years ago.

Castro Gomez said the military chief of the Upper Huallaga emergency zone had stated that 10,000 trafficking planes enter the country every year.

He added that the capture of trafficker Demetrio Chavez Penaherrera, aka "Vaticano," has not decreased the flow of drugs despite the belief that Chavez controlled the trafficking industry.

Castro Gomez said: "The quantity of cocaine base and cocaine hydrochloride leaving the country has not changed."

He announced the arrival of U.S. State Department officials who will meet with local officials and explain the suspension of the U.S. cooperation provided by the radar installations.

He recalled that this support ended on 1 May when the Yurimaguas and Andoas radar installations stopped sending information to the Peruvian Air Force on planes entering Peruvian airspace.

[EL COMERCIO] Have trafficking flights increased since the radar stopped operating?

[Castro Gomez] Obviously, the lack of a means to detect flights makes it easier for trafficking gangs to operate, taking drugs out and bringing weapons and dollars in. The U.S. State Department officials should have come here first before making the decision to ended the cooperation. I believe the time has come to evaluate that mechanism for drug enforcement in the country.

[EL COMERCIO] How many tonnes of drugs are transported?

[Castro Gomez] We believe between 1,500 and 2,000 tonnes leave the country every year.

[EL COMERCIO] How much does that represent in money?

[Castro Gomez] A very large amount. About $1.3 to $1.5 billion enters the country for the sale of cocaine base and byproducts.

[EL COMERCIO] Does that enter our free exchange market?

[Castro Gomez] Yes. It enters the free exchange market where the Central Bank and the commercial banks also operate. We have a narco dollar-ridden economy which depletes the competitivity of our exports and keeps the dollar rate low.

Castro Gomez recognizes that the radar installations forced traffickers to change their behavior.

[EL COMERCIO] How did they change?

[Castro Gomez] They stopped flying during the day and began flying at night even though night flights are also

detected by radar. Now the actions of our Air Force are restricted because it does not have the night flying equipment for its Tucano planes.

[EL COMERCIO] Has an investigation been carried out about the alleged support given to traffickers by some officials?

[Castro Gomez] Some Air Force personnel in charge of airports in the emergency zone provided support. They have been charged with trafficking. They allowed light planes to land and take off after receiving their "share" from the traffickers.

[EL COMERCIO] Are we facing an endless problem?

[Castro Gomez] It is a problem. Traffickers corrupt because of their large profits and huge recourses. Overall formulas to deal with it and defeat it must be sought.

Air Force Resources Lacking Against Traffickers

PY2806220794 Lima EXPRESO in Spanish 20 Jun 94 p A8

[Text] The suspension of U.S. radar services has increased the limitations of the antinarcotics fight in Peru, but the situation is not as severe as it may seem.

Everything indicates that the withdrawal of U.S. radars in Andoas and Iquitos in March 1992 was an important setback.

The U.S. radar in Yurimaguas, which was to be a key weapon in the antinarcotics air fight, never amounted to anything. Since its installation in February 1993 the radar had suffered several malfunctions, which put it out of operation on several occasions.

Under optimum conditions the radar should have been able to detect up to six targets at once in a 200-mile radius. This radar never functioned properly, however.

This radar is 32 years old. It dates back to 1962 and is of very inferior quality to the one the U.S. Government installed in Peru in 1991. The other two radars, installed in Andoas and Iquitos in November 1991, were withdrawn in March 1992.

During this period 12 small planes with drug shipments were seized, and dozens detected.

Originally it was thought that the same successful results that were obtained with the radars stationed in Andoas and Iquitos would be obtained with the Yurimaguas radar, but it was not so. The Peruvian Air Force [FAP] and the U.S. Embassy were also not unaware of the serious defects affecting the radar.

The Yurimaguas radar merely served for dissuasive purposes. To avoid the radar's range, drug traffickers were forced to use longer but safer flight routes.

At any rate, the U.S. Government has also dismantled the Yurimaguas radar.

According to an FAP study, however, four radars in good working condition are needed to effectively control the air space in the region.

The FAP, however, does not have sufficient means to conduct this type of air interdiction program. Commenting on the impact of the controversial U.S. Government decision, a high-ranking FAP officer, who was barely able to conceal his regret, states: "We were left virtually blind."

These limitations are not new, however.

In addition to the fact that the Yurimaguas radar was 50 percent inoperative because it was relatively outdated, the FAP has experienced equipment restrictions.

Nevertheless, the FAP has used in full all the resources available to combat drug trafficking, in compliance with decree Law No. 25426. This decree entrusted the FAP with air surveillance of the jungle region, the neutralization of secret landing strips, and the control of air fields in coca producing areas.

To fulfill its detection and interdiction operations the FAP resorted to the use of combat planes used for training cadets. To this effect the FAP permanently allocated four Tucano T-27 planes, while two Cessna A-37's were sporadically used for this purpose.

Other means the FAP uses are the Y-12 and T-41 light planes, which are also insufficient for carrying out this work. These planes are in charge of granting logistics support, but this should really be carried out by larger planes.

After more than three years in operation all of these planes have deteriorated and have lower performance than the planes used by drug traffickers. Unofficial sources state that a Tucano plane, for example, develops a speed of 200 knots and flies at 26,000 feet, while a small plane develops a speed of 300 knots and flies at 30,000 feet. Moreover, the navigation and communication equipment is notably inferior to what is found in the planes the drug traffickers use.

An officer states: "At first the Tucanos were efficient, but now they have become obsolete."

In addition to the Tucano and Cessna planes, the FAP has resorted to the use of helicopters for interdiction operations in the jungle.

Only a couple of armed helicopters have been assigned to this task, however, because the majority of them are being employed in antisubversive operations.

In view of this, U.S.-manufactured Bell-214 helicopters are used to intercept and seize small planes.

In the beginning these helicopters did a good job, but they became ineffective when in turn drug traffickers increased their night flights. These helicopters lack adequate equipment for night operations. Instead, the

planes used by drug traffickers are equipped with infrared systems, sophisticated communications equipment, and even radar detectors.

The FAP has been able to acquire six night vision units—each worth $25,000—but because of their high cost their use is restricted.

Like the Tucano planes, the helicopters have also deteriorated. In addition, there were never enough of them. FAP studies note that at least six helicopters are needed to effectively patrol the region.

Since 1991 the FAP has been able to intercept, seize, and capture about 200 small planes. This figure includes those planes seized or intercepted through the Andoas and Iquitos radars, and through the Yurimaguas radar which was recently withdrawn.

With obsolete planes, without radars, and without adequate technical assistance, the FAP continues to fight a better equipped enemy.

Legislators Visit ROK, Support Nonproliferation Treaties

PY2806151394 Lima EL PERUANO in Spanish 22 Jun 94 p A1

[Text] Seoul—The delegation of Peruvian legislators visiting Seoul in response to an invitation extended by the ROK National Assembly have expressed the need for strict adherence to nuclear nonproliferation treaties, which they said are the only guarantees for peaceful coexistence.

The delegation of Peruvian legislators comprising Oswaldo Sandoval Aguirre, Carlos Blanco Oropeza, and Antero Flores Araoz warned that the nuclear subject is an issue that concerns the entire world and not only the Korean peninsula. The Peruvian legislators also expressed their hope that mechanisms of understandings will be achieved to avoid any armed conflicts.

After meeting ROK Parliamentary speaker Yi Man-sop, the Peruvian legislators said: We hope the right of South Koreans to live in peace will be respected. "Our countries want peace not war because only thus we will be able to achieve our countries' development."

Electoral Court Announces Elections for Apr 1995

PY2806221894 Madrid EFE in Spanish 2006 GMT 26 Jun 94

[Text] Lima, 26 Jun (EFE)—The general elections, presidential and legislative, will be held in Peru on 9 April 1995, the second Sunday in April. This announcement was made today by the National Elections Board [JNE].

JNE President Ricardo Nugent stated that the electoral law establishes that the elections will be held on the second Sunday of April. He added, however, that the executive branch must call for the elections.

Nugent also said that the JNE will look into the possibility of submitting a draft bill to modify the current law and to establish that electoral propaganda is allowed until the day of the elections, as well as to allow the disclosure of public opinion polls.

According to the law currently in force, electoral propaganda is only allowed until 48 hours before the day of the elections, and the results of polls can only be disclosed until 15 days before the elections.

In a statement to the media, Nugent said that "nobody is going to change his opinion whether he is told something the day of the elections or 48 hours before."

Nugent also said that on the day of the upcoming general elections, any political party or civic group will be able to carry out vote counts parallel to the official vote returns of the JNE.

Former President Not To Run in 1995 Elections

PY2706203594 Lima Radio Programas del Peru Network in Spanish 1800 GMT 27 Jun 94

[Text] Former Peruvian President Fernando Belaunde Terry has confirmed that he will not run for president in 1995. He said he would be an active participant in the presidential campaign, but not a presidential candidate. The Popular Action, AP, leader said that he does not believe in polls, and added that his party plans to participate in the presidential elections with its own presidential candidate.

Belaunde Terry said that AP does not need to improve any policy, but rather project a path into the future.

New Army Chief of Staff Installed

PY2806204794 Lima EXPRESO in Spanish 23 Jun 94 p A2

[Excerpt] Peruvian Army Commander Nicolas Hermoza Rios yesterday installed Peruvian Army Division General Maximo Efrain Bracamonte Vargas as the new chief of staff.

The ceremony was held at the Marshal Caceres Hall of the Army garrison. Bracamonte Vargas was previously the inspector general of the Army. [passage omitted]

Workers Criticize Government at ILO Assembly

PY2806235094 Lima EXPRESO in Spanish 17 Jun 94 p A5

[Text] During the 81st International Labor Organization (ILO) Assembly, which is being held in Genoa, Italy, leaders of the General Confederation of Peruvian Workers (CGTP) yesterday raised several charges against the Peruvian Government, among which are the alleged curtailment of Peruvian workers' right to join unions and a lack of measures to protect those who are arbitrarily fired.

CGTP Secretary General Juan Luna Rojas was delegated to speak on behalf of the Peruvian unions' delegation before union and government representatives from the entire world. Luna Rojas reported that the government, businessmen, and the military have in Peru established a kind of "political triumvirate" that seeks to "make more flexible" labor legislation, "to the detriment of workers."

Luna Rojas said: "We are obliged to condemn the main guidelines of the antilabor policy currently being enforced by the Peruvian Government against Peruvian workers."

After charging that the Peruvian Government is violating the agreements signed with the ILO, Luna Rojas criticized Decree Laws 25593 and 25921; legislative Decree No. 728; Law 26279; and the enforcement of the Private Pension System and the Welfare Regulation Office [Oficina de Normalizacion Previsional] (ONP), which as of January 1995 will be in charge of paying retirement pensions.

Regarding Decree Law 25593, Luna said that it encompasses several measures that prevent workers from exercising their union rights, such as requiring a high number of people for establishing unions; the possibility of closing unions through administrative procedures; preventing trainees from joining unions; requiring a one-year seniority on the job in order to be a union leader; and forbidding unions from meddling in political affairs.

In addition, Luna said that for the first time in Peru, this decree law establishes that collective bargaining agreements expire after one year, which implies the elimination of all rights established through labor agreements.

He stated: "In so doing, workers are compelled to negotiate all benefits every year. Nevertheless, if workers choose to strike, this law empowers the government to issue a resolution cancelling the strike, ordering the workers to immediately return to their jobs, and ordering the Labor Ministry to respond to union demands."

Some of the regulations included in Decree Law No. 25921 and questioned by CGTP Secretary General Luna Rojas encompass employers' unrestricted power to change schedules, working hours, and working days; to suspend or replace workers' loans; to change working conditions; and finally to fire employees.

Luna Rojas said: "According to a regulation included in this decree law, if within 15 days the Labor Ministry does not issue a ruling on a request submitted by the employer, it is automatically approved."

According to CGTP sources, more labor violation charges will be raised in today's session, but this time they will center on violation of ILO agreements by Peru.

Uruguay

Foreign Minister: Mercosur Schedule To Be Met

PY2906013794 Montevideo EL PAIS in Spanish 23 Jun 94 p 1

[Text] "Above and beyond sectorial interests, which are legitimate and worthy of attention," Uruguay needs a clear signal on the projections and strategies that must be implemented in light of many more variables than those "pertaining to just one sector." This was asserted by Foreign Minister Sergio Abreu just after a long meeting with members of the International Affairs Committee of the Chamber of Deputies.

He said the matter was discussed at length with congressmen. Answering a question on a possible "obstacle" as a result of government negotiations to find a common external tariff, the minister said there are no obstacles. He said the schedule that must be concluded by 30 June 1994 is on target.

Regarding the disagreement expressed by the Chamber of Industries, Abreu said there will be a meeting today with the private sector, which will offer an "opportunity to listen to all opinions.

The minister recalled that "a postponement regarding external tariffs has been sought...we want to know what arguments are being used. We want to know what level of political consensus can be achieved in such a delicate matter as this. He stated that Uruguay needs, beyond all sectorial interests, a clear signal of its prospects and national interests on this subject.

Regarding the possibility of approving the position of industrialists, Abreu stated that the current opinion is neither favorable nor unfavorable and that "a schedule was established during the January negotiations which must be fulfilled. An effort is therefore being made to define a common external tariff. This effort seeks to fulfill the various phases of the treaty without making any changes."

He said he is unwilling to close any channel, adding that "open dialogue is being conducted internally and externally," but without going outside the law.

Julio Maria Sanguinetti, the Batllist Forum's presidential candidate, stressed on 22 June during several radio interviews that the report published by EL PAIS on 19 June under the headline: "Sanguinetti: The Mercosur [Common Market of the South] Must Be Postponed," does not reflect reality because he did not propose any such thing. His remarks, which were broadcast by Radio Sarandi during a rally at Empalme Olmos on 18 June, are as follows: "Through Mercosur we should be able to enter a new stage of transition. We have already had one stage of transition. The Mercosur treaty specifies that all tariffs will be eliminated on 1 January 1995. This is not possible, we must begin a new stage of transition so that another readjustment period of four or five years can be

implemented, let us implement another readjustment, let us evaluate every situation...."

The expected government reaction to Sanguinetti's remarks was not long in coming. Economy and Finance Minister Ignacio de Posadas stressed that Uruguay's adhesion to Mercosur "is beyond the point of no return." He expressed concern that very important topics for the country—such as Mercosur and the exchange rate—are being used glibly for election purposes. During an ACDE [Association of Christian Executives] luncheon on 22 June, the minister said: "The intention now exists to undermine the government in an international negotiation like that of Mercosur."

New Transport, Public Works Minister Installed

PY2806231394 Montevideo LA MANANA in Spanish 23 Jun 94 p 1

[Text] Jose Luis Ovalle on 21 June assumed the post of Transport and Public Works minister replacing Juan Carlos Raffo. Ovalle was installed by Interior Minister Angel Maria Gianola in the name of the executive branch.

Venezuela

Government Spokesmen: Guarantees Suspended Following Coup Plot

PA2906024594 Caracas ECONOMIA HOY in Spanish 28 Jun 94 p 3

[Report by Rafael Rodriguez Olmos]

[Text] The suspension of constitutional guarantees was last night's big surprise, because it had been rumored all day that measures to control foreign exchange and prices would be announced. Following President Caldera's announcement, the reporters asked if this resolution would negatively affect individual and economic rights. In the end, they were clearly informed that the following articles of the Constitution had been suspended:

—Paragraph 1 of Article 60 on individual freedom of prisoners and people who have been arrested.
—Article 62 on the inviolability of residences.
—Article 96 regarding economic rights.
—Article 99 that guarantees the right to own property.
—Article 101 that controls how assets are confiscated.

The government spokesmen clarified: "The economic and financial crisis has compelled us to make this decision, because it could trigger chaos or social violence. [no closing quotation marks as published] According to sources at the Presidential Palace, the government learned that a coup d'etat was being planned and managed to contain the plot through its intelligence services. It is also rumored that several generals are now under surveillance. Perhaps this is why we noticed that during his television announcement yesterday, the president was accompanied by military officers representing the four branches of the military instead of members of his cabinet.

As far as can be ascertained, the measures that went into effect last night will last as long as the government considers them necessary.

Hours before the Executive Cabinet met to give final approval to the measures, the president summoned the leaders of the various political parties to inform them of the strong measures the government would take. Although initially all parties agreed, some political leaders criticized the measures and announced they would define their positions at a later date.

For Radical Cause leaders, the problem lies in the fact that even though the emergency measures were announced to them, they were not told how these measures would be implemented. The president spoke to them in "very general terms" about a compensation bonus that would be based on a wage scale, and he also "hinted" that social programs, such as the Pami [box of food given to school children] and school milk programs, would be bolstered. The problem is that he did not say where the funds would come from.

The measures adopted yesterday certainly clarify some things, but not others. According to Deputy Melo, it is necessary to modify the banking system through intervention. He said that until the financial sector complies with its intermediary role, high interest rates and inflation will not be controlled. He said: "Structural measures need to be taken in this area." In fact, National Convergence party leader Jose Miguel Uzcategui proposed to the president that the banking system should be nationalized.

AD [Democratic Action] party leader Lewis Perez listened to the proposals, after which his only comment was that the CEN [National Executive Committee] will meet to draw up a policy. "My initial impression is that these are momentous measures that need to be analyzed together in order to see what they mean to the country and to the stability of Venezuela's monetary system." The AD Directorate is expected to issue a communique.

According to Freddy Munoz [senator and secretary general of the Movement Toward Socialism—MAS], these measures should have been implemented a week ago, because they are intended to stem the dollar outflow: "This is the only way to stop the skyrocketing price of the dollar and rising inflation, not to mention the contemptuous speculation. MAS will meet to discuss exchange, financial, and pricing policies."

Foreign Minister Views Guarantee Suspension

PA2906015794 Caracas Union Radio Network in Spanish 2200 GMT 28 Jun 94

[Report by Vicente Briceno; from the "Union Radio News" newscast]

[Text] Foreign Minister Miguel Angel Burelli Rivas has described recent announcements by President Rafael Caldera as pronouncements of sovereign measures to reestablish Venezuela's financial system and to recover confidence.

Burelli Rivas said that these measures do not harm Venezuela's image abroad and that instead, they signify the new way of governing the country with authority within the framework of the Constitution. He rejected the possibility that the measures are in any way contrary to the interests of foreign investors.

The foreign minister said that the measures have not alarmed foreigners because similar situations have occurred in other countries. He said the economic measures have produced expectations rather than concern about whether they will affect bilateral or multilateral agreements. The foreign minister said the suspension of some economic guarantees would have no effect unless they were accompanied by the suspension of some constitutional guarantees.

[Begin Burelli Rivas recording] The damage caused in the finance and banking system and the struggle against drug trafficking requires that the state should be able to arrest people, search for people, or prevent certain people from leaving the country quickly, without having to wait for a judge to issue an arrest warrant.

The economic measures alone would have served no purpose had they not been accompanied by the suspension of guarantees on free travel throughout the territory, departure from the country, transit in general, and the possibility of raiding the businesses of people supected of being involved in drugtrafficking activities.

This is the reason for the suspension of guarantees. [end recording]

Interior Minister Explains Measures

PA2906021394 Caracas Venezolana de Television Network in Spanish 0000 GMT 28 Jun 94

[Report by Annerys Gonzalez; from "The News" newscast]

[Text] Regarding the suspension of constitutional guarantees, Interior Minister Ramon Escovar Salom explained that the right to stage peaceful demonstrations has not been suspended.

[Begin Escovar recording] I have told people that the fact that the guarantees have been suspended does not mean that the government is going to become a dictatorship, nor does it mean that the government is going to suppress the rights of citizens. I have asked them to expect a prudent attitude, a discreet, but at the same time stern attitude on the part of the government. [end recording]

The interior minister will meet in his office today with the governor of the federal district and the chiefs of the various security corps of the state to discuss the security situation in the country. The objective of the meeting is to define the security strategies to be followed during the time that certain constitutional guarantees are suspended.

Prosecutor General Backs Suspensions

PA2806235194 Caracas Union Radio Network in Spanish 2200 GMT 28 Jun 94

[Report by Maria Yolanda Garcia from the "Union Radio News" newscast]

[Text] In the opinion of Prosecutor General Ivan Dario Badell, the president has the authority to suspend constitutional guarantees. Badell's office, however, will remain alert in an effort to prevent the state security corps from committing abuses that could result from the suspension of constitutional guarantees.

Badell said he is certain that the president adopted this measure because it was necessary.

[Begin recording] [Badell] As well as all prosecutors, I am addressing the police and the security corps to ask them to respect the lives of the citizens and not to torture anyone. I am asking them to respect guarantees that cannot be suspended—guarantees such as the right to live and the right not to be tortured.

[Reporter] Can you assure the nation that the de jure state has not ceased to exist in Venezuela, considering that six constitutional guarantees have been suspended?

[Badell] Of course this is not the case. The de jure state remains in effect. Otherwise, we would not have what we have in the country. The de jure state remains in effect. Only some constitutional guarantees have been suspended. [end recording]

The prosecutor general explained that although six constitutional guarantees have been suspended, this does not mean there is chaos in the country. He reiterated that his office continues to guarantee the security of the people. He noted that if any abuses are committed, appropriate punitive measures will be adopted.

Official Discusses Suspension of Guarantees

PA2806160294 Caracas Union Radio Network in Spanish 1100 GMT 28 Jun 94

[From the "Union Radio News" newscast]

[Text] Following Caldera's announcement of the suspension of constitutional guarantees, Central Information Office Director Guillermo Alvarez Bajares explained the scope of the suspension of constitutional guarantees.

[Begin Alvarez recording] The first paragraph of Article 60 states that no one shall be imprisoned or arrested unless he is caught in the act or by virtue of a written warrant by the official authorized to order arrests in the cases and formalities specified by the law. Summary proceedings cannot be extended beyond the maximum

limit set by the law. The accused shall be entitled to have bail set expeditiously and all the defense means provided by the law as soon as the arrest warrant is executed. If a punishable crime is perpetrated, police authorities shall adopt the necessary or urgent provisional measures that are indispensable to ensure the investigation of the incident and the trial of the culprits. The law will stipulate a brief and strict time limit in which such measures must be take with the pertinent judicial authority. The law will also set a deadline for the judicial authority to issue a decision, with the understanding that these measures shall be revoked and rendered ineffective if the judicial authority does not confirm them by the set deadline. This first paragraph is suspended.

Article 62 establishes that residences are inviolable, and shall not be searched, except to prevent a crime or to comply, in keeping with the law, with decisions issued by the courts. Visits for health reasons [visitas sanitarias], conducted in keeping with legal stipulations, shall be made only with prior notice of the officials who are either ordering or conducting such visits.

Article 64 says that everyone shall move freely throughout the country, change abode or residence, leave the country or return, bring or take out possessions from the country with no additional restrictions than those established by the law. Venezuelans shall enter the country without need of any authorization. No government action shall impose the penalty of expatriation against Venezuelans, except as a commutation of sentence or at the request of the accused.

Article 96, which refers to economic rights, stipulates that everyone shall be free to pursue the profitable activities of his choice with no additional limitations other than those provided in this Constitution or those indicated by the laws for security, health, or social interest reasons. The law will dictate norms to avert usury, profiteering, or any other abusive practices aimed at hindering or limiting economic rights.

Article 99 guarantees the right to own property. By virtue of its social function, property ownership shall be subject to the contributions, restrictions, and obligations established by the law with regard to public use or social interest.

Article 101 indicates that assets of any sort shall only be expropriated for public use or social interest purposes through a final judgment and fair compensation payments. Payments can be deferred for a specific time period or partially canceled through the issue of bonds whose acceptance is obligatory in the following cases: property expropriations to conduct agrarian reform or the expansion and improvement of communities, or in special cases of national interest specified by the law.

Provisions on these constitutional articles are henceforth suspended. [end recording]

Minister Alvarez added that today the development and finance ministers will make announcements pertaining to their organizations. The Council of Ministers is expected to take further economic measures next Wednesday.

Legislator Supports Caldera Measures

PA2906010694 Caracas Union Radio Network in Spanish 2200 GMT 28 Jun 94

[From "Union Radio News" newscast]

[Text] Victor Hugo de Paola, first deputy chairman of the lower chamber of Congress, expressed total support for the measures announced by President Rafael Caldera, when he officially presented his candidacy for secretary general of the Movement Toward Socialism [MAS] party.

With the goal of making MAS a modern party, in keeping with the nation's needs, de Paola presented his candidacy as MAS secretary general before the electoral commission of that political organization. In addition, de Paola referred to the measures announced by the president of the Republic to which he gives his full support.

[Begin de Paola recording, in progress] ...those measures. One could see the onset of the serious economic crisis. This is a crisis, from a fiscal point of view, that became a banking crisis. Now it has become an exchange rate crisis because of the great amount of capital flight that has impoverished the nation. Those measures had to be taken. The measures are transitory; they will not last. When stability is achieved those measures could be suspended. [end recording]

De Paola is supported by several deputies and senators of the orange party [MAS] in his bid for MAS secretary general. Amongst his supporters is Gustavo Marquez who wants to become the president of the MAS. De Paola is the third to register his candidacy for MAS secretary general. Enrique Ochoa Antich and Simon Garcia already registered last month.

Political Parties Divided

PA2906143194 Caracas Union Radio Network in Spanish 1128 GMT 29 Jun 94

[From the "Union Radio News" newscast]

[Text] Members of Congress have expressed surprise at the suspension of guarantees. The Democratic Action Party, National Convergence, and MAS [Movement Toward Socialism] have announced that they support the measures. MAS Deputy [Gustavo] Marquez said the country was in need of forceful decisions.

Copei [Social Christian Party], however, has asked the government to explain many issues that remain obscure. According to Copei President Hilarion Cardozo, the government's incoherence, the inconsistency of the measures, and the extemporaneous manner in which they were disclosed have intensified the crisis.

Fedecamaras Wants Controls Lifted in 60 Days

PA2906004994 Caracas Union Radio Network in Spanish 2200 GMT 28 Jun 94

[From the "Union Radio News" newscast]

[Text] Although various parliamentary [as heard] groups are supporting President Rafael Caldera's suspension of constitutional guarantees, they contend that the measures must be temporary in nature.

Hector Romero Navas, president of the Federation of Associations and Chambers of Commerce and Industry [Fedecamaras], said that the measure that meeting of the Fedecamaras Board of Directors, Romero Navas said the controls do nothing to eliminate the roots of the crisis, adding that there are other solutions. He said confidence can be recovered by giving positive signals accompanied by a unified economic program. He said the measures adopted by the national government must be temporary.

[Begin Romero Navas recording] We think the government should have taken this opportunity to establish a deadline, saying something like: We will find a solution in 30 days, or in 60 days. It is easy to decree something, while it is more difficult to rescind it. The only way to step back from a situation such as this is to prepare a program that has strong political support and the support of the Venezuelan people who, in the end, have to be assured that we will overcome inflation. [end recording]

Berend Roosen, president of the National Council of Commerce and Services, said the availability of supplies will depend on the swiftness with which foreign exchange is delivered. He said that if the implementation of measures is delayed, production will be delayed. He said the people fear the emergence of a new Differential Exchange System.

[Begin Roosen recording] The freezing of prices will have an effect. We will see this happen because of price controls. It is also true that these controls will provide some stability, but in the end it is not the best thing to do. Remember the Differential Exchange System. It was easy to start it, but getting out of it was very turbulent. [end recording]

Regarding prices, (CAVIDEA) [expansion unknown] President Simon Nobile said distortions have emerged in the underground economy, adding that wherever price hikes have been excessive, prices can be lowered.

[Begin Nobile recording] Prices will be brought down. The established commercial sector maintains prices at an agreed-upon level. In other sectors, however, prices were above this level. At a time when more products are available, prices will have to return to their normal levels—levels maintained by the rest of the commercial sector. In this sense, products marked at prices above normal levels will have to be adjusted. [end recording]

These sectors support the measures if they are temporary in nature, and they also want signs of confidence displayed, because, at this point in time, the eyes of the world are upon our country.

Central Bank Suspends Sale of Foreign Exchange

PA2906153594 Mexico City NOTIMEX in Spanish 0831 GMT 29 Jun 94

[Excerpt] Caracas, 29 Jun (NOTIMEX)—The Venezuelan Central Bank suspended the sale of foreign exchange for six days in order to adopt new measures to halt profiteering after the imposition of exchange and price controls on Monday.

Venezuelan President Rafael Caldera on Monday ordered the partial suspension of individual rights and the imposition of exchange controls as part of a strategy to reverse the decline of the economy and overcome the financial crisis. Announcing the drastic measures over radio and television, the president explained that they were necessary because the seriousness of the economic crisis produces "insecurity and distrust," affects national life, and threatens to disrupt public peace.

An announcement published on Tuesday in the GACETA OFICIAL indicated that the sale of dollars will be resumed within six days in order to halt the sharp fall of the bolivar against the U.S. dollar, the price of which went up 85 bolivares in one month.

Presidential spokesman Guillermo Alvarez Bajares announced that the Council of Ministers will meet today to implement the price and exchange controls and adopt other measures. Alvarez explained that individual rights were suspended to prevent the disruption of public order, "because there are groups interested in promoting disturbances," which could not be put down with the laws that exist in a de jure state.

Venezuelans awoke yesterday amid great uncertainty because, although price increases were prohibited, merchants "speedily" changed the prices of products. [passage omitted]

Finance, Development Ministers on Measures

PA2906145094 Caracas Union Radio Network in Spanish 1100 GMT 29 Jun 94

[From the "Union Radio News" newscast]

[Text] After submitting to the Congress the 1995 budget bill, Finance Minister Julio Sosa Rodriguez said that the new parity of the bolivar to the dollar could be adopted during Wednesday's Council of Ministers. He warned that the official exchange rate will enter into force on 6 July but added that there will be controlled foreign exchange and secondary [marginal] exchange fed by nontraditional exports. Sosa Rodriguez added that the Central Bank may at some time supply that secondary dollar market with some foreign currency.

According to Development Minister Alberto Poletto, the regulated prices of staple products will be announced after the exchange rate is announced. In the minister's opinion, the price control measure is necessary to halt the increase in the prices of staple products, because hoarding has been on the rise in recent weeks. He believes that profound changes will take place when adjustments to the economy are made, mainly in terms of the financial crisis involving government intervention in eight banks and one financial corporation. That is why the measure is temporary and depends on the balance of the market.

[Begin Poletto recording] These prices should be adjusted. There will not be a frozen price rate. The prices will be adjusted inasmuch as some indicators may vary, mainly the monetary indicator, meaning the exchange rate of the bolivar to the dollar. We are trying to cover a whole range of products, which as we understand—that is, what came out in the decree you are familiar with—represent 80 percent of the usual and normal consumption of the Venezuelan people. [end recording]

Commenting on the services mentioned in the decree, Poletto indicated that regulations are in the hands of the respective ministries. Some services are even being controlled by contracts.

Finance Minister: Nationalizing Banks Possible

PA2906002894 Caracas Union Radio Network in Spanish 2200 GMT 28 Jun 94

[From the "Union Radio News" newscast]

[Text] During a news conference, Finance Minister Julio Sosa did not rule out the possibility of nationalizing banks. After presenting to Congress the draft budget for 1995 totaling over 2 trillion bolivars, in which the average price of petroleum was fixed at $12 per barrel and the bolivar was fixed at 180 per dollar, Sosa said that it will be necessary to ask Congress to pass a law on public credit to cover social programs. Sosa also said that the bonds announced by President Rafael Caldera for transportation and nourishment will have to be increased. Nevertheless, Minister Sosa did not say how many more bonds would have to be issued.

[Begin Sosa recording] The cabinet would have to approve this. [words indistinct] very satisfactory, however I do not want to announce this before the cabinet has taken this into account and given its approval. If this is dealt with tomorrow by the cabinet, the labor minister and I will be very happy to make the announcement. [end recording]

The finance minister also referred to the suspension of constitutional guarantees, ruling out that this decision was made to avoid public order disturbances.

[Begin Sosa recording] [words indistinct] taken for those reasons. I think that measure was implemented because there must be a very careful and extensive study conducted of the financial system. Our laws on banking and other financial institutions have a number of limitations that could hamper any action on the financial system that may be necessary. That is the true reason behind the suspension of guarantees. [end recording]

Nevertheless, and despite the insistence of the media to learn what the exchange rate will be fixed at, Minister Sosa said it was not his duty but that of the Venezuelan Central Bank to provide this information [words indistinct] designated a technical commission for that purpose. To conclude, the finance minister announced that the government will remain vigilant of the possibility of a food supply shortage, so that in fact this does not occur.

Caldera Favors Constitutional Reform Referendum

PA2906012494 Caracas Venezolana de Television Network in Spanish 2250 GMT 28 Jun 94

[Speech by President Rafael Caldera from Central Park in Caracas; broadcast in progress—live]

[Text] ...to be able to modernize government structures; to make Venezuelan democracy stronger through the participation of the people; and to incorporate institutions and ideas that have developed within the context of dramatic recent changes at the national and international levels.

We, therefore, believe constitutional reform is essential for today's Venezuela. At the same time, however, we admit and proclaim that the success of constitutional reform must be based on whether it manages to understand and address the concerns, aspirations, desires, and needs of the nation. This is why prominent academic institutions are insisting on the need to discuss all topics related to this fundamental problem. It is essential that this be done in order that the idea of reform can thrive. This will also enable the reform to revitalize and strengthen the democratic institutions that were confirmed when the Venezuelan Constitution was approved on 23 January 1961.

At times, I confess, it seems as though this topic is absent from the overall larger issues that trouble the people. Also, the issue of constitutional reform is frequently precluded by the questionable aspiration to convene a Constituent Assembly. This issue has to be seriously and objectively studied. We must look at prior cases and examples that can guide us in reaching a decision. We must take into account the fact that our country's historic experiences clearly indicate that every attempt that has been made to resolve Venezuela's problems by breaking its institutionality have led to situations, and frequently very quickly, that were sometimes worse than the ones they tried to correct.

This is the situation that must be confronted today. In this sense, we must also remember and remind the Congress of the Republic that it must base its conduct and actions on two indispensable pronouncements:

Reforms must be necessary and timely, and they must correspond to the Venezuelan people's larger concerns within the context of today; also, according to the text of the 1961 Constitution, the overall reform of the Constitution has to be submitted to a popular referendum, and the people have to be the ones who decide whether it is approved.

Therefore, Congress is not the arbiter of those institutions that must be reformed when the reforms are prepared solely in accordance with Congress' own views and interests. In terms of constitutional reform, Congress must interpret the people's will. The reform that has been discussed, prepared, and adopted in the legislative chambers, through the complicated process stipulated by the Constitution, must be submitted to the people for their approval and ratification. I sometimes have the impression that legislators lose this perspective. In turn, I believe it is necessary for them to remember the fact that the work they are going to carry out is completely useless if the people decide not to approve it. They have to adopt a position that truly represents the people's concerns, aspirations, and wishes.

When we assumed the task of preparing the reform bill, accepting the legislative chambers' mandate that established a unicameral commission, we strongly endorsed this position. We did this because the initial proposal to approve a new amendment—a third amendment to the Constitution—gradually changed to an overall constitutional reform, primarily because of the dynamic march of events in the country. We have emphasized this to the legislators, and we want to do this again now.

I sincerely believe this task is unpostponable. My modest opinion is that we should continue the initial process started during the previous constitutional period, because the Constitution establishes that once the reform process has been initiated, it must follow all of the procedures established for the approval of laws. Therefore, once the process, required by the Constitution, starts.... [A station reporter breaks into the broadcast as Caldera is in midsentence, announcing that the network is returning to its regularly scheduled programming.]

Government To Probe Campaign Against Financial System

PA2906044394 Caracas EL UNIVERSAL in Spanish 28 Jun 94 p 2-1

[Text] The government has promised the banking sector it will investigate the destabilization campaign against the financial system, which was recently stepped up through false reports of bankruptcies and closures of important banks.

An official spokesman said: "There are no plans to intervene in the banks, and this has not been proposed."

In recent days, individuals who have no idea of the harm they are causing the nation took advantage of the last intervention into banks subsidized by Fogade [Deposit Guarantee and Banking Protection Fund] to spread rumors nationwide on new measures against other banks.

The truth is that no bank, and much less important banks, is currently under investigation. Whoever is spreading these rumors does not realize the harm being caused to the entire system. Instead, all of us should make an effort to contribute to the reestablishment of a normal situation for depositors, who have become very tense in the wake of the last banking crisis.

Meanwhile, a Finance Ministry spokesman said the law guarantees every depositor's savings, indicating the government has complied with the law, as occurred in the Banco Latino case, as well as in the cases of the other eight banks in which the government intervened.

In another turn of events, Interior Minister Ramon Escovar Salom said: "The bankers have expressed to me their justified concern over this campaign, which the government will investigate." Nevertheless, he admitted it is difficult to locate those responsible for spreading false reports.

The crux of the matter is that now campaigns against the so-called "solvent banks" have been stepped up, demonstrating to the authorities that there may be criminal intentions behind the rumors.